

Their Cousins' Keepers / Saving the Chimps

A Couple in Zambia Offers a Haven From Poachers

By Donald G. McNeil Jr.
New York Times Service

CHIMFUNSHI RANCH, Zambia — Mike was found in a box going round and round the luggage carousel at the Nairobi airport. Louise was found in a Moscow airport, dehydrated, hogtied, drugged with booze and crammed into the false bottom of a cage of rare parrots.

Barbie was a tiny bag of bones, hairless and ridden with scabies and worms. E.T. got her name because she was missing three fingers, presumably blown off when poachers shot her mother out of a tree with E.T. clinging to her chest.

Cute as they are, when chimpanzees are rescued from smugglers they become an instant burden for wildlife officers. Few zoos leap to take an animal that may need intensive medical care and then has a 60-year life span.

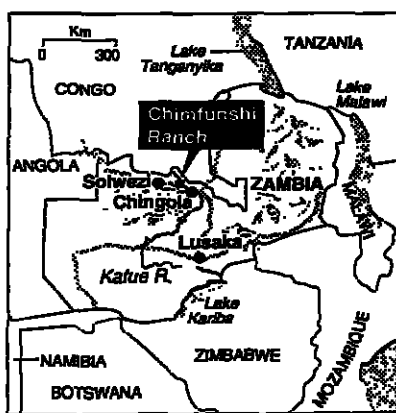
Often the refugees end up living here, on a river bend along the southern fringe of the Congo jungle, at this cattle ranch turned chimpanzee orphanage. It is not the same as living in the wild, but they would be dead in days if they tried.

Chimps and humans share 98.6 percent of their DNA. To any visitor who has ever loved a toddler and knows the outstretched arms and the little face begging, "Pick me up," that feels like an understatement.

Jungle skills are something that Dave and Sheila Siddie teach their 67 chimps: how to poke tasty termites out of a log, which fruits are avocados and mangoes and which are poison.

They wish they could return their charges to the wild. But that will not be possible until Chimfunshi owns enough wilderness for chimps to teach chimps. The quandary is that the orphaned chimps have saved love humans too much.

"They'd run straight to a poacher, looking for a hug," Mr. Siddie said. Chimpanzees are endangered — only about 200,000 are thought to remain — and virtually all those discovered along the smuggling routes from Africa to exotic-pet dealers and unscrupulous laboratories are infants, captured by poachers who kill the



whole family if it tries to defend the baby. The adults are eaten, the babies sold for as little as \$20 to someone who knows they will fetch \$20,000 or more in America, Europe or the Middle East.

"They nurse until they're 4," Mrs. Siddie said, as she gave the 10 babies caged on her porch their bottles. "They stay with the mother till they're 7."

A CHIMP is the epitome of a child that doesn't know its own strength. By age 6, it is stronger than a man.

Sandy, who weighs more than 150 pounds (68 kilograms) and normally wears the bored skyward gaze of a fourth grader in civics class, puckers for a kiss as Mrs. Siddie approaches. Reaching through his bars, he lovingly cuddles her head, inspects it and then, ever so gently, squeezes a pimple on her temple.

"Don't come closer," she calls softly to a visitor. "If he thinks you're threatening me, he'll tear your arms off."

The Siddies' pleasant if slightly smelly yard is actually a series of deathtraps. Aside from the malarial mosquitoes that visit each evening, they have a 1.5-ton hippo named Billy who stays put only because of two strands of electrified wire, which are not always charged up.

When Billy hasn't had her bottle, she has been known to knock down the back door. Hippos kill people more often than any other animal in Africa,

and the Siddies have a sign discouraging petting. Billy has an exit to the river and has disappeared for as long as 10 days. But she always comes back.

Mrs. Siddie is a Dr. Dolittle whose Puddleby is on the Kafue rather than the Marsh, and she gets return visits even from a marabou stork whose wing she mended.

Her first chimpanzee, Pal, arrived in 1983, bought by her son-in-law from Zairian smugglers in a local market. He was malnourished and suffering from diarrhea, his teeth smashed and lips torn open. She nursed him — and word got around among Zambian game rangers that there was now someplace to take the living contraband they seized.

Since then, chimps have taken over the Siddies' lives. At first, as amateurs, they withstood a bit of sneering from academics. But now even such virtual saints of the apes as Jane Goodall have visited and dropped off chimps.

In fact, bringing potbellied Ludmilla, who was rescued from a bar where she amused customers by downing brandies and puffing cigars. Ms. Goodall pulled a bit of a fast one. She had told the Siddies that Ludmilla was 8, but smiled rather too innocently when a note on the back of a photo revealed that the gray-fringed former barmaid was 18 — far older than the Siddies would normally have accepted. But Ludmilla slid easily into things and is now a grand dame.

The chimps live in several enclosures. Babies are on the porch. The largest group roams 14 walled-in acres. A handful, like Sandy, are stuck in cages for now. He is an escape artist — he waded out of one enclosure and leapt an eight-foot fence out of another. He always heads for the yard, where he is too unpredictable to be safe.

"All he really wants to do is come into the house, open the fridge and get a beer," Mr. Siddie said.

Escapes never go far. Asked if he feared that the babies would swing off like Tarzan on their daily walks, Mr. Siddie laughed. "Run away!" he said. "You can't get rid of them."

But adult chimps, turning branches into ladders and battering rams, have staged breakouts and even invaded rival enclosures. Groups in the wild do



Bernard Yumbula, a worker at the Siddies' Chimfunshi Ranch in Zambia, looking after some of his charges.

battle, and one male, Leben, was savagely beaten in a gang fight here.

The Siddies' dream is to fence 13,000 acres that the government has granted them nearby, stock it with game and build an education center and a tourist lodge for income. They are

about \$300,000 short but have created a trust to take over when they are gone.

"We're getting on in years," Mrs. Siddie said. She is 66 and her husband is 70. "And we were worried what would happen if we slipped on a banana skin tomorrow."

Florida Searches for Tornado Survivors

The Associated Press
KISSIMMEE, Fla. — Rescuers searched for people on Tuesday still missing a day after a series of tornadoes killed at least 37.

Entire neighborhoods in central Florida were turned into heaps of wood, twisted metal and broken glass by the storms. More than 250 people were injured; dusk-to-dawn curfews were in place, and federal aid was on its way.

In the confusion after the storm, 8 to 12 people were reported missing in four central Florida counties.

The storm's fury struck hard for those who retired to Florida or snowbirds who came south for the winter, living in mobile homes or recreational vehicles.

Rescuers said tracking down survivors was difficult

because many people live here only part-time, and some records were scattered by the storm.

"We had to identify the bodies of close friends," said Maria Quadros, manager of the Ponderosa Park campground, where at least 10 people died. "Many people in this park are neighbors up north. They've been coming to this park for 25 years. When you're searching and you find that one you didn't want to find deceased it breaks you apart."

The Ponderosa was unusually full because spring training for the Houston Astros baseball team was just getting under way at the stadium next door. The stadium was slightly damaged, but nearby Walt Disney World, Universal Studios Florida and other

top tourist attractions were unharmed.

Fourteen counties were granted federal disaster assistance. Volusia County alone had \$7.9 million in damage to about 600 buildings, mostly around Daytona Beach. President Bill Clinton said he would survey the destruction on Wednesday.

This was the deadliest round of tornadoes in Florida since the National Weather Service started keeping detailed records a half-century ago.

Photographers Get Jail Terms For Chasing Schwarzenegger

Los Angeles Times
SANTA MONICA, California — In a case that has highlighted the war between celebrities and the paparazzi, two photographers who chased the actor Arnold Schwarzenegger and his wife, Maria Shriver, as they drove their son to preschool have been given jail terms and each fined \$500.

In handing down the sentences, Superior Court Judge Robert Altman said he was offended by the photographers' conduct, noting that Mr. Schwarzenegger had been recovering from heart surgery, "and the defendants knew it." He also noted that Ms. Shriver was five months pregnant and their 3-year-old was in the back seat of the car when the pursuit took place on May 1.

Calling the defendants' actions "morally wrong," Judge Altman handed down a 90-day jail term to Andrew O'Brien, a photographer, and ordered Giles Harrison, a video cameraman, to spend 60 days behind bars. The judge also placed the defendants on "informal" probation for two years but allowed them to remain free pending appeal — if they each post bail by Wednesday.

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TRAVEL UPDATE

Tunisia Sees Records For Tourism in '98

TUNIS (Reuters) — Tunisia expects record tourism earnings this year of 1.7 billion dinars (\$1.4 billion) from 4.5 million visitors, Tourism Minister Slaheddine Maoui said Tuesday.

In 1997, Tunisia had 4.26 million visitors who spent 1.55 billion dinars. Tourism is Tunisia's biggest foreign currency earner, providing around 20 percent of receipts. The industry has benefited because Tunisia is seen as safer than Egypt and Algeria.

Mr. Maoui said that in 1997 Tunisia nearly doubled its marketing budget, to 20 million dinars.

Passengers on El Al Can Skip Racy Movies

JERUSALEM (AP) — El Al Israel

Airlines will show only cartoons and nature movies in some parts of its planes in hopes of attracting rigorously Orthodox Jews and families traveling with young children, the airline said.

Rigorously Orthodox passengers have complained that some films showed explicit sex, El Al said. Starting next month, no feature films will be screened in the rear section of the company's Boeing 747-200 jumbo jets.

British Airways will resume non-stop scheduled flights to Abidjan, Ivory Coast, at the end of March, the carrier announced. Starting March 29, British Airways will fly direct from Abidjan to London's Gatwick Airport twice a week, returning via Accra, Ghana, on one of the two flights. Since Air Afrique halted flights to London in 1995, there have been no scheduled direct flights between Ivory Coast and Britain. (APF)

WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe				Asia			
City	Today	High	Low	City	Today	High	Low
Algeria	11/22	64/63	10/9	Algeria	6/43	62/61	9/44
Amsterdam	11/22	64/63	10/9	Amsterdam	6/43	62/61	9/44
Antwerp	11/22	64/63	10/9	Antwerp	6/43	62/61	9/44
Barcelona	11/22	64/63	10/9	Barcelona	6/43	62/61	9/44
Berlin	11/22	64/63	10/9	Berlin	6/43	62/61	9/44
Bombay	11/22	64/63	10/9	Bombay	6/43	62/61	9/44
Buenos Aires	11/22	64/63	10/9	Buenos Aires	6/43	62/61	9/44
Calcutta	11/22	64/63	10/9	Calcutta	6/43	62/61	9/44
Chennai	11/22	64/63	10/9	Chennai	6/43	62/61	9/44
Cairo	11/22	64/63	10/9	Cairo	6/43	62/61	9/44
Canton	11/22	64/63	10/9	Canton	6/43	62/61	9/44
Cebu	11/22	64/63	10/9	Cebu	6/43	62/61	9/44
Colombo	11/22	64/63	10/9	Colombo	6/43	62/61	9/44
Dakar	11/22	64/63	10/9	Dakar	6/43	62/61	9/44
Dhaka	11/22	64/63	10/9	Dhaka	6/43	62/61	9/44
Dubai	11/22	64/63	10/9	Dubai	6/43	62/61	9/44
Edinburgh	11/22	64/63	10/9	Edinburgh	6/43	62/61	9/44
Hong Kong	11/22	64/63	10/9	Hong Kong	6/43	62/61	9/44
Kobe	11/22	64/63	10/9	Kobe	6/43	62/61	9/44
London	11/22	64/63	10/9	London	6/43	62/61	9/44
Los Angeles	11/22	64/63	10/9	Los Angeles	6/43	62/61	9/44
Manila	11/22	64/63	10/9	Manila	6/43	62/61	9/44
Mumbai	11/22	64/63	10/9	Mumbai	6/43	62/61	9/44
Nairobi	11/22	64/63	10/9	Nairobi	6/43	62/61	9/44
Paris	11/22	64/63	10/9	Paris	6/43	62/61	9/44
Perth	11/22	64/63	10/9	Perth	6/43	62/61	9/44
Port of Spain	11/22	64/63	10/9	Port of Spain	6/43	62/61	9/44
Rangoon	11/22	64/63	10/9	Rangoon	6/43	62/61	9/44
San Francisco	11/22	64/63	10/9	San Francisco	6/43	62/61	9/44
Singapore	11/22	64/63	10/9	Singapore	6/43	62/61	9/44
Sydney	11/22	64/63	10/9	Sydney	6/43	62/61	9/44
Taipei	11/22	64/63	10/9	Taipei	6/43	62/61	9/44
Tokyo	11/22	64/63	10/9	Tokyo	6/43	62/61	9/44
Yokohama	11/22	64/63	10/9	Yokohama	6/43	62/61	9/44

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ITALY	ITL	13.500	4.500	67%
JAPAN	YEN	22.500	7.500	67%
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THE AMERICAS

2 New Starr Subpoenas Refuel Fire

White House Says Summonses Aim to Quash Criticism of Prosecutor

By Brian Knowlton
International Herald Tribune

WASHINGTON — In a sharp escalation of tensions, a presidential adviser and a private investigator who works for President Bill Clinton's personal lawyers were summoned before a grand jury Tuesday, apparently to be asked about the sources of news reports critical of the prosecutors who are investigating the president.

The White House immediately attacked the subpoenas as "outrageous" and a "clear abuse of power," aimed at intimidating those who criticize Kenneth Starr, the independent counsel, and his staff.

Sidney Blumenthal, the presidential adviser, and Terry Lenzner, the investigator, were to appear before the grand jury investigating allegations that Mr. Clinton had a sexual relationship with a former intern, Monica Lewinsky, and then urged her to deny it under oath.

Mr. Blumenthal and his lawyers asked Judge Norma Holloway Johnson on Tuesday to quash his subpoena on the grounds that Mr. Starr was exceeding his authority. She refused to do so, and Mr. Blumenthal was to testify later.

Mr. Blumenthal said he was "outraged" and astonished by the range of his subpoena. It demanded "that I name journalists that have talked to me about Ken Starr," he told The New York Times, "and it demands any records of conversations I have had with journalists about Ken Starr."

He said the subpoena was "an outrageous attempt to intimidate public opinion and to silence all reporting that

might be skeptical or critical of Ken Starr and his methods." He charged that Mr. Starr's office had alerted reporters to his subpoena.

There was no immediate response from the office of the independent counsel.

But Mr. Starr's office was known to be angry about reports that emerged last week in the media questioning the professional conduct of two senior Starr deputies.

Mr. Blumenthal's subpoena set no time limits, meaning he could have been

With a presidential adviser and an investigator called to testify, the subpoenas were attacked as a 'clear abuse of power.'

asked for documents even from his days working for The New Yorker and The Washington Post prior to joining the Clinton administration after the 1992 election.

On Tuesday, Judge Johnson limited the subpoena to Mr. Blumenthal's time in the White House.

"We feel we have scored a victory," Mr. Blumenthal's attorney, Jo Benet Marsh, said later. "They have backed off."

Ms. Marsh said the subpoena demanded phone logs and records of any conversation with reporters about Mr. Starr and his office.

"It is a very broad subpoena," she said. "We view it as an assault on the First Amendment." She said the subpoena recalled "the old Star Chamber of the Gestapo."

Mr. Blumenthal is considered a close confidant of the first lady, Hillary Rodham Clinton, and is known to support her assertion that the Starr investigation is part of a "vast, right-wing conspiracy."

White House aides and supporters, including the former presidential adviser James Carville, have repeatedly sought to portray Mr. Starr as being far from independent and as pursuing Republican objectives of besmirching Mr. Clinton's name.

It was unclear whether Mr. Blumenthal might seek the protection of executive privilege to refuse to answer some questions. He was accompanied by the federal courthouse by members of the White House counsel's office, however.

Mr. Lenzner, who heads a firm called Investigative Group Inc., would not confirm reports that his work for Mr. Clinton's private law firm, Williams & Connolly, included investigating members of Mr. Starr's staff. But he added that there would be "nothing inappropriate" about doing so. He told The Washington Post that his activities on behalf of the law firm were "very benign."

In addition to working for the office of David Kendall, Mr. Clinton's personal lawyer, Mr. Lenzner has worked recently for the office of Robert Bennett, the attorney for Mr. Clinton in the Paula Jones sexual misconduct suit against the president.

The White House has declined to say what Mr. Lenzner was contracted to do. Michael McCurry, the presidential spokesman, said that Mr. Lenzner was not "investigating investigators, reporters or such."

The subpoenas also drew fire from parties outside the matter.

Richard Davis, a former special Watergate prosecutor, said the subpoenas were within Mr. Starr's legal authority but were a sign of "a bunker mentality" by prosecutors. Jane Kirley of the Reporters Committee for Freedom of the Press called them "ill-advised."

The White House was harshly critical, saying the subpoenas had nothing to do with the areas a federal court authorized Mr. Starr to investigate.

"This is a clear abuse of power that we haven't seen in this town in a long time," said Joe Lockhart, a White House spokesman. "The use of subpoenas to silence criticism is outrageous and over the line."

Mr. Starr's prosecutors have told lawyers that they consider the spreading of any misinformation about the independent counsel's office as a possible obstruction of justice meriting investigation.

Some independent lawyers said obstruction normally applies only to witnesses, not to criticism of prosecutors, who as public officials are the subject of fair comment.

The questioning of Mr. Blumenthal and Mr. Lenzner could also be part of an investigation Mr. Starr vowed to undertake to ferret out sources of possible grand jury leaks, his defenders said Tuesday.

Mr. Starr and Mr. Kendall, the president's lawyer, traded charges about the alleged leaks this month, each side accusing the other of being the source.

Mickey Kantor, the former commerce secretary who is working as a private lawyer for Mr. Clinton in the Lewinsky investigation, successfully fended off a threatened subpoena. He argued that it would violate attorney-client privilege. Such privilege has been ruled generally not to apply to government lawyers.

Mr. Starr's office had already come under sharp criticism. Critics say the former judge has cast too wide a net and employed unnecessarily harsh tactics.

These, they say, include the two days of questioning of Monica Lewinsky's mother, Marcia Lewis, that left her severely traumatized, according to her attorney.

Ms. Lewis "is going through hell," her attorney, Billy Martin, said Monday. It is still unclear whether she will return to testify.

Ms. Lewinsky's brother, a college student in Pittsburgh, was also questioned by federal agents.

Another subpoena that drew criticism was that of Robert Weiner, a press spokesman for the federal drug control office, who was asked about phone calls he made to Maryland officials urging them to push for an investigation of Linda Tripp, the woman who taped Ms. Lewinsky allegedly recounting details of an affair with Mr. Clinton.

POLITICAL NOTES



LOG US IN — Hillary Clinton, right, and students from Jefferson Junior High School in Washington examining the First Lady's Library web site on a computer at the White House. At the left is Marshall Bush and in front of Mrs. Clinton is Walker Bush, two grandchildren of former President George Bush.

The Battle Escalates Over Foster's Notes

WASHINGTON — An effort by the Whitewater special prosecutor to see notes of conversations between the former White House deputy counsel Vincent Foster Jr. and his lawyer has galvanized the legal profession and people who care for the terminally ill.

Several lawyers organizations and the National Hospice Organization have asked the Supreme Court to intervene in a case that is testing the tenet of attorney-client privilege. They want the justices to rule that the privilege should be respected even after a client has died.

While the issue over the Foster notes is on the margins of the Whitewater investigation, it raises a larger question: whether an individual can be confident that conversations with a lawyer will not be revealed to family members or business associates, let alone a prosecutor (which the pending case tests), after the individual's death.

The prosecutor, Kenneth Starr, is seeking the notes as part of his investigation into the 1993 dismissals at the White House travel office.

"This case is of critical concern to the legal profession as a whole," Mark Levy, a lawyer, said. But he added that the case could mostly affect those seeking legal help. "They're the ones who are going to be confronted with the decision on how candid they will be in disclosing potentially embarrassing information," he said.

Mr. Levy has filed a brief on behalf of the hospice group, the National Association of Criminal Defense Lawyers and others.

Similarly, the American Bar Association told the justices that the case could affect millions of older or sick people who might be afraid to talk about hidden assets, out-of-wedlock children or wrongs done to others.

Mr. Starr has argued that any need for confidentiality is outweighed by the interest in obtaining relevant evidence for a criminal proceeding. (WP)

Court Deals Blow To National Archives

WASHINGTON — A panel of three federal judges has made clear that they think former President Richard Nixon's estate should have sole custody of 819 hours of "personal" conversations from his White House tapes, even if the original recordings have to be mangled in the process.

The appeals court judges have yet to issue a formal ruling, but at a half-hour hearing Monday they repeatedly criticized the Justice Department's contention that the 1974 law confiscating the tapes did not require the government to cut up the fragile originals and then return the personal snippets to the Nixon estate.

Officials at the National Archives, which contends that important historical material will be destroyed as a result, said that some 17,000 "edits" will be required on the 3,700 hours of original tapes. (WP)

Officials at the National Archives, which contends that important historical material will be destroyed as a result, said that some 17,000 "edits" will be required on the 3,700 hours of original tapes. (WP)

Quote/Unquote

Frank Sesno of CNN, on attending a George Washington University basketball game with William Ginsburg, Monica Lewinsky's attorney: "You do lots of different things with sources. You take them to dinner, you take them to games, you pursue them. It's no big deal." (WP)

Campaign Finance Reform Struggles for Life in Senate

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate has opened its latest debate on legislation to overhaul U.S. campaign-finance laws, but its sponsors appear well short of the votes they will need to cut off a Republican-led filibuster against the measure.

"Right now we don't have the 60 votes" needed to force the bill to a vote, said Senator Joseph Lieberman, Democrat of Connecticut.

Others indicated Monday that the vote count was seven or eight short of 60, just as it was last year when the legislation succumbed to a Republican filibuster, a tactic to extend debate on a bill until the delay eventually kills it.

The legislation, sponsored by Senators John McCain, Republican of Arizona, and Russell Feingold, Democrat of Wisconsin, would ban unregulated "soft money" contributions to national political parties, curb so-called issue advertising that targets specific candidates and tighten disclosure and other rules aimed at controlling the influence of special interests on elections.

Those steps are necessary because "our democracy has become a huge bazaar for powerful traders" who use money to buy influence in Washington, Mr. Feingold argued. But Senator Mitch McConnell, Republican of Kentucky, and other opponents said the bill would violate constitutional guarantees of free speech and limit political participation by the public.

The Senate majority leader, Trent

Lott, Republican of Mississippi, kicked off the new battle by offering the measure alternative to the McCain-Feingold bill that he offered last year: one that would require labor unions to obtain advance written consent of their members if they want to use union dues for political purposes.

Mr. Lott described his proposal as essential to ensure voluntary participation in politics. Democrats, as they did last year, described it as a "poison pill" aimed at killing the McCain-Feingold bill by turning Democrats against it.

By limiting his alternative to the union-dues proposal, Mr. Lott offered no new grounds for compromise. He also indicated that he would probably not allow the debate to continue beyond this week. "We have a lot of things to do, and we don't have a lot of time," he said.

It may also become clear whether Democrats will support a compromise drafted by two Republicans, Olympia Snowe of Maine and James Jeffords of Vermont, on the issue of union contributions. Their proposal would require disclosure of contributors to broadcast advertisements that target specific candidates within 60 days of a general election and 30 days of a primary and would prohibit the use of union or corporate funds for such ads.

If Democrats go along with the compromise, the McCain-Feingold forces would almost certainly be able to sink Mr. Lott's union-dues proposal and prevent him from scuttling their bill.

But such an agreement would not necessarily get them any more votes on ending the filibuster.

Justices Won't Let Lawsuits Leapfrog From State Courts

The Associated Press

WASHINGTON — The Supreme Court ruled unanimously Tuesday that lawsuits filed in state courts cannot be transferred to federal courts just because defendants say federal rulings already resolved the matters in dispute.

Such claims should be fought out in the state courts — and those dissatisfied with the rulings there can always take their case to the appellate courts and eventually to the nation's highest court, Justice Ruth Bader Ginsburg wrote.

The decision is a victory for four Louisiana residents who sued because they felt cheated out of a second mortgage they held on a New Orleans property. The case was moved from state to federal court because the bank and business they sued contended that all interests in the property had been dealt with in a federal bankruptcy case.

A federal trial judge dismissed the lawsuit, and the 5th U.S. Circuit Court of Appeals upheld the dismissal by a 2-to-1 vote last year.

But Justice Ginsburg said the lower courts were wrong.

Away From Politics

Pointing across a Florida courtroom with a shiny prosthetic arm, a woman identified Lawrence Singleton as the man who raped and murdered her 20 years ago in California, when she was 15.

Mr. Singleton, convicted of murdering a woman in Tampa, could face a death sentence after the penalty phase, in which Mary Vincent was a witness. "I was raped and I had my hands cut off," Miss Vincent said of the 1978 attack. Mr. Singleton, 70, was paroled 10 years ago on that crime. (AP)

Georgetown University in Washington, the nation's oldest Roman Catholic university, will have crucifixes put in all but one classroom building, a decision aimed at balancing the university's religious origins with its diverse student body. The decision follows a drive by Catholic students to have crucifixes in all classrooms. They will be in all buildings except one for interfaith and multicultural events. (AP)

American high school seniors are among the world's worst at mathematics and science, according to an international study. They outdid those of only three countries — Lithuania, South Africa and Cyprus — among students of 21 nations that took part in the Third International Mathematics and Science Study. The report ranked the Netherlands and Sweden as having the top students in mathematics and science. Asian countries chose not to take part. (Reuters)

A Montana drifter who murdered a couple was executed Tuesday, taking any hope of an explanation for the killings to his grave. In the nine years Terry Allen Langford, 31, was on death row, he

never said why he tied up and killed Ned and Celene Blackwood at their ranch home. It was only the state's second execution since 1943. (AP)

A 7-year-old girl attacked by a rabid fox at a North Carolina zoo over the weekend was the latest victim of the worst rabies outbreak in the state in nearly 40 years. She was bitten by a wild gray fox at the North Carolina State Zoological Park in Asheboro. The fox was killed after it tested positive for rabies. (Reuters)

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ASIA/PACIFIC

Buffing Burma's Image: Lobbyists' Pot of Gold

Firms Take Aim at Washington's Sanctions

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The military rulers of Burma are well aware they have an image problem in Washington. The Clinton administration and human rights groups regularly recount how the generals took office by hijacking a 1990 election, keep hundreds of opponents in inhumane prisons and solicit investments from Asian drug lords.

But a bad image can mean big business for Washington's public relations and lobbying firms. Several firms have been conducting a campaign on Burma's behalf in classic Washington style — producing upbeat newsletters, arranging seminars and interviews and financing all-expense-paid trips — partly to persuade the Clinton administration to lift trade sanctions against the regime.

For a fee of nearly \$500,000, for example, a Burmese company that U.S. officials say is close to the military leadership hired a former assistant secretary of state for narcotics control, Ann Wroblewski, and her lobbying firm, Jefferson Waterman International, last year to communicate the company's "positions and interests," according to the contract. Ms. Wroblewski is well known to the regime from her counter-narcotics work, which occurred when Burma was becoming the principal exporter of heroin sold on U.S. streets.

Another well-connected firm in Burma's capital of Rangoon hired a public relations firm and a lobbying firm last year, paying \$252,000 to Jackson Bain, a former television reporter, to help the Burmese Embassy burnish the country's reputation, and an undisclosed sum to the Atlantic Group, a lobbying company that is working more directly to help overturn the U.S. sanctions.

In addition, various U.S. corporations that want to do business with Burma or already invest there, including Unocal Corp., an energy company, have been spending money to promote the idea that Washington's barriers to new U.S. trade with Burma do not reflect a politically sound U.S. strategy. The sanctions, which President Bill Clinton imposed last May, bar new investment by U.S. firms in commercial or energy projects.

A Washington educational and ad-

vocacy organization called The International Center drew on donations from such corporations to help fund a trip in October by three former high-ranking Defense Department and State Department officials, who met with top military officials as well as with the opposition leader Aung San Suu Kyi, the winner of the 1991 Nobel Peace Prize.

The three former officials, Morton Abramowitz, Richard Armitage and Michael Armacost, subsequently sent their policy advice to Samuel Berger, the national security adviser, and briefed lawmakers and staff on Capitol Hill.

In a private letter to Mr. Berger, the three men counseled that some sanctions should remain in place, but urged that Washington try to adopt a more flexible approach permitting international loans for health care and education. Eventually, they added, Washington should reconsider keeping any sanctions on Burma. "Sanctions over time will become a wasting asset and slow Burma's exposure to the outside world," they wrote.

The administration has given no hint that it plans to relax Burma sanctions.

Unocal, which has a 26 percent stake in a billion-dollar natural gas project in Burma, gave \$50,000 to The International Center last July, after hearing from Frances Zwenig, the center's director, about the trip proposal in March. But Ms. Zwenig said the funds were not intermingled with those of the other corporations that helped underwrite the trip.

Maureen Aung-Thwin, who directs the Soros Foundation's Open Society Institute Burma Project, complained that the reception Burma gets from such institutions in Washington "sends really mixed signals to a government that is beginning to feel the pressure of the isolation and the sanctions."

Lobbyists promoting a positive image of Burma say that they are doing nothing wrong. Mr. Bain said he knew the Burmese government was repressive. But he said he enjoyed the challenge of disseminating information that gave a fuller picture of the country.

The work is an uphill battle. According to the State Department's most recent report on Burma, the Burmese regime "made no progress" in moving toward democratization and continued its "severe violations" of human rights.

Taiwan Reacts Mutedly To China's Offer of Talks

By Edward A. Gargan
New York Times Service

HONG KONG — After two and a half years in the deep freeze, China sought Tuesday to thaw its relations with Taiwan by offering to resume discussions over the future of the island, an island Beijing regards as a rebel province and which it still threatens to retake by military force.

The invitation, in a letter, comes on the heels of a series of visits to the island by former senior American officials, all of whom urged Taipei to begin talking to Beijing again. The Beijing invitation read, "We are willing to discuss procedural matters regarding opening political talks across the Taiwan Strait and we are prepared to resume discussions of economic and technical issues."

In a muted response, Chang Kuo-yu, the chairman of the Mainland Affairs Council, the body that devises the government's strategy toward Beijing, described Beijing's letter as "positive." For Taiwan's leaders, the invitation comes at

a time when they feel they are under growing pressure from the United States to renew contacts with Beijing. And while publicly Taiwan officials insist they are ready to talk, they adamantly insist that any discussions be limited to topics like commercial relations and travel links; political issues are not on the table.

Since Mao Zedong's armies marched into Beijing in October 1949, and then quickly captured the rest of the mainland, sending Chiang Kai-shek's Nationalist army fleeing to Taiwan, the two sides of the Taiwan Strait have been formally at war. Only in 1993, after virtually all of Taiwan's diplomatic relations with the world had evaporated and as China was beginning to exert growing influence on Asia, did both sides agree to meet.

While Beijing has repeatedly and publicly declared that Taiwan is an integral part of China, Taiwan has maintained a rhetorically ambivalent posture that espoused a belief in a single China while insisting that Taiwan remained "an independent, sovereign state."



Neville Spence working by candlelight as the blackout in Auckland dragged into its fifth week. The power company said Tuesday that it would take another two weeks for all electricity to be restored to the city.

Angry Auckland Is Still in the Dark

Parliament Demands Answers as Blackout Forces Firms to Flee the City

Agence France-Press

AUCKLAND, New Zealand — The government was engulfed in a political storm Tuesday as electricity suppliers said it could take two weeks to end a blackout that has cut all power to New Zealand's commercial hub.

During a debate in Parliament, Deputy Prime Minister Winston Peters assailed the retail electricity supplier Mercury Energy in an attack that amounted to an assault on the government's efforts to privatize and deregulate the electricity industry.

The last of four cables feeding Auckland's central business district failed Friday night, and it may take until March 9 before normal services can be restored.

The first of the electrical cables failed on Jan. 22, the second on Feb. 9 and the third on Thursday. The gas-filled cables are 40 years old and were supposed to have a working life of 60 years.

Hundreds of residents have been evacuated, universities and technical institutes have been closed and legal and corporate headquarters have fled to the suburbs. Wellington and Australia.

The blackout was extended Tuesday to another suburb, and water-heating in

the surrounding suburbs has been cut. The manager of the Mercury network, Richard Gibbons, said that although the utility had conservatively planned to have all four cables back on line by March 9, consumers should not count on the service being totally reliable.

"If you have got power, don't expect to keep it. If you don't have it, don't expect it back," Mr. Gibbons said.

The mayor of Auckland, Les Mills, said businesses that had moved out of the city should plan to move back as of March 9. "There will be some angry people; there will be some rotting food," he said.

"I know some people who will enjoy going off and having a holiday at the beach."

In Parliament, meanwhile, Energy Minister Max Bradford said: "This is little short of a disaster, and nobody can gainsay that. It should have never happened, but we have to learn from what happened, why it happened, so that we can at least plan with some certainty that it will never happen again."

He defended his "electricity reforms" and said a government investigation would determine what had happened.

Mr. Peters, the deputy prime minister, said the blackout would probably skim 0.1 or 0.2 percentage points off the nation's economic growth this year.

"We've got one of the most modern cities in the world reduced to Third World status, and we in this government are going to discover what kind of operation Mercury Energy was running and who was responsible for what happened," he said.

Mr. Peters said the company's annual report last year had warned of a likely cable failure.

"This emergency cannot be blamed on bad luck," he continued, "it cannot be blamed on coincidence, it cannot be blamed on pure chance, freak events or the weather."

Mr. Gibbons of Mercury Energy has said he does not know why the cables failed.

The company is owned by its customers through a trust, but in an unusual arrangement five of its nine directors are appointed by an Auckland law firm, Russell McVaugh.

The owners — the public — have no control over the company, and Mr. Peters said he wanted the inquiry to establish why that was so.

U.S. Accuses Of Hawking Organs From Slain Chinese

By Blaine Harden
Washington Post Service

NEW YORK — Two men have been charged with conspiracy to sell organs taken from the corpses of executed Chinese prisoners.

The two allegedly offered to sell kidneys, livers, pancreases, corneas, hearts from non-smokers and skin from young people.

U.S. Attorney Mary Jo White Monday said the suspects were arrested Friday in New York after offering to sell organs to an FBI agent posing as a member of the board of a dialysis center. One of the two carried documents identifying him as a former prosecutor in China's Hainan Province and claimed to have participated in executing prisoners, she said.

The United States suffers from a acute shortage of organs for transplant, with about 38,000 people waiting for kidneys and about 9,800 waiting for livers. Human-rights organizations have long asserted, and the Chinese government has long denied, that China's vast organs from executed prisoners. About 4,000 Chinese prisoners were executed in 1996.

[China on Tuesday again denied a program to sell organs of executed prisoners. Reuters reported from Beijing.]

"The Chinese government has indicated that such incidents will not happen in China," a Foreign Ministry spokesman said. "If such incidents occur, Chinese law will punish the offenders."

A federal law passed last year made a felony to sell organs for transplant the charges filed Monday apparently the first brought under that law according to the U.S. attorney's office in New York.

In the meeting Friday with the one of the suspects, Cheng Yong W. 41, identified as the former Chinese prosecutor, discussed methods by which the organs he wanted to sell very come from prisoners, according to the federal complaint.

The former prosecutor, a Chinese, on whom the United States has placed a May on a work visa, told an FBI former that he had "participated in the execution of Chinese prisoners," according to the complaint.

The second man, Xingqi Fu, 36, New York businessman who also bore the name of Frank Fu, offered to the FBI undercover agent two cc, the for \$5,000, according to the complaint.

Kim Girds for Struggle on Choice of Prime Minister

By Don Kirk
International Herald Tribune

SEOUL — Within hours of his inauguration Wednesday, Kim Dae Jung faces what his aides view as a litmus test of his ability to govern effectively in the coming months. He will try to persuade the National Assembly to ratify his choice of one of Korea's most durable political survivors as prime minister.

"The chances are 50-50," a member of Kim Dae Jung's transition team said Tuesday as politicians on all sides in the assembly prepared for the battle over the selection of Kim Jong Pil, founder of the Korean Central Intelligence Agency and prime minister under the dictatorial Park Chung Hee in the 1970s.

"It's really critical for us," said the

transition aide. "We need all the help we can get."

In the inaugural speech he was to give Wednesday, Kim Dae Jung planned to urge the assembly to approve his choice of the prime minister and back economic legislation necessary for a Korea "standing on the brink of disaster."

"We will never be able to overcome today's crisis without cooperation from you," said the prepared text of the speech.

The choice of Kim Jong Pil faces obstacles because the majority party in the assembly, the Grand National Party, argues that lacks the background and ability to deal with an economic crisis that has forced South Korea to get help from the International Monetary Fund.

Assembly members were to begin de-

bate on the prime minister after the inauguration Wednesday morning on the steps of the great domed assembly building here.

Members of both Kim Dae Jung's National Congress for New Politics and Kim Jong Pil's United Liberal Democrats are hoping for a split in the ranks of the Grand National Party, which holds 162 of the assembly's 299 seats. With a combined total of 121 seats, the minority parties are hoping to pick up support from a dozen members of splinter parties and then persuade as many as 20 Grand National members to join their side, providing the 150 votes needed to ensure approval of Kim Jong Pil.

But Kim Moon Su, a member of the Grand National Party, said that the choice of Kim Jong Pil was supported by

less than half the members of the National Congress and United Liberal Democrats.

Kim Jong Pil, 72, who ran a distant third in the 1987 presidential election, was promised the office in return for throwing his party's support to Kim Dae Jung. Kim Dae Jung, 74, waged his fourth presidential campaign, was sure of support only in the southwest Cholla region and would not have won without Kim Jong Pil's backing.

A former army colonel, Kim Jong Pil was a principal figure in the 1961 coup that brought General Park to power. Kim Jong Pil later formed the Korean Central Intelligence Agency, and he was prime minister when government agents kidnapped and tried to kill Kim Dae Jung in 1973.

KOREA: Kim Takes the Helm, Calling for Reconciliation With Authoritarian Past

Continued from Page 1

to the economic collapse that nearly left the world's 11th-largest economy bankrupt just before Christmas.

A populist and popular leader who has reassured the nation with calm competence since his December election, Mr. Kim promises to be the most open, democratic leader in the nation's history. He tried to narrow the gap between the president and people by inviting many ordinary people to his inauguration and thanking them for "giving birth to a genuine 'Government of the People.'"

That gesture followed an extraordinary American-style "town meeting" with citizens who were able to question the president-elect directly. For a country more accustomed to dictators and isolated leaders, Mr. Kim's openness is startling.

The inauguration is steeped in the themes designed to remind South Koreans of their past victories and fuel them with pride to face the difficult days ahead. In the last few months, South Korea has gone from being the world economic power to begging the IMF for a \$60 billion emergency bailout. A million or more people are expected to lose jobs in the months ahead as IMF-ordered financial reforms are carried out.

Mr. Kim, who has fought back from the brink of death on several occasions, including at least two assassination attempts, designed the inauguration ceremony to prepare his nation to fight the same kind of struggle that has colored his life. He also called for help from the opposition party in the National Assembly, which has been the governing party here for decades.

"I will consult with you on all issues; you, in return, must help me, if only for one year — this year — when the nation is standing on the brink of



President Kim Young Sam greeting neighbors Tuesday as he returned to his home at the end of his term.

disaster," the draft of Mr. Kim's speech said.

The ceremony was to begin with a tolling of the Poshin-gak bell, which was rung in 1945 to announce the end of Japan's brutal 35-year occupation of the Korean Peninsula, and later the formation of the South Korean republic. As a "flame of hope" was lighted atop Namsan Mountain in central Seoul, the crowd gathered in the massive open park was to be treated to a video display of great moments in the nation's history, including national independence in 1948 and the 1988 Summer Olympics held in Seoul.

More than 1,500 doves were to be released as a sign of peace on the divided Korean Peninsula. Soil from provinces across South and North

Korea was to be symbolically mixed together, and Mr. Kim was to plant a "tree of reconciliation."

In a departure from the hawkish rhetoric of Kim Young Sam, who was stepping down as president, Kim Dae Jung also said his goal was to reconcile with North Korea, the world's last great Stalinist bastion and a sworn enemy of its capitalist sibling.

Mr. Kim spoke directly to North Koreans, assuring them that whatever aspirations South Korea may have had in its more flush days about quickly uniting with its poor Communist half are gone.

"We do not have any intention to harm or absorb North Korea," he said in the draft of his speech. South Korea no longer has the

money for a rapid integration with the North, which is one of the most impoverished nations in the world and is plagued by chronic food shortages bordering on famine.

Mr. Kim said that he would gradually end the "shame" of the divided peninsula through a cooperative reunification and that he would push for immediate improvements in communication with the isolated country.

"The Cold-War style of South-North relations for over a half century, during which members of separated families could not confirm whether their own parents and brothers and sisters are alive or dead, let alone carry on dialogue and exchanges, must be liquidated as soon as possible," he said.

Troops Patrol Sumatra

JAKARTA — Indonesian troops were patrolling two towns on Sumatra after a series of riots against rising prices, the first to hit the western island, residents and police-men said Tuesday.

Residents said the towns of Rantau Prapat and Aekabara, in North Sumatra province, were calm after last week's riots in which a mob looted and ransacked shops selling basic commodities.

At least five people have been killed and scores of shops looted and burned in recent weeks by mobs angered by rising prices on the islands of Java, Sulawesi, Flores and Sumbawa.

Shops owned by ethnic Chinese have borne the brunt of recent attacks as rioters blame the merchants rather than government policies for the price rises. (Reuters)

Marcos in Poll Dispute

MANILA — The Philippine elections commission suspended a chaotic hearing Tuesday on the disqualification of dozens of "nuisance" presidential candidates after a lawyer for Imelda Marcos, widow of former President Ferdinand Marcos, demanded the chief commissioner step aside.

As 41 rival candidates, including one in a robe who claimed to be god, competed for attention, Vicente Millora, Mrs. Marcos's lawyer, insisted that the chairman of the commission should disqualify himself for having said that only a few candidates deserve to run in the May 11 election.

Bernardo Pardo, the commission chairman, said last week that most of the 83 registered presidential candidates, including Mrs. Marcos, were not serious contenders because they had insufficient resources, little backing, or no political party. The commission told all but seven can-

didates that they must demonstrate at Tuesday's hearing why they should not be eliminated as "nuisance" candidates.

After Mr. Millora refused to stop speaking, Mr. Pardo declared the hearing over. Candidates were told to submit written documentation of their qualifications. (AP)

Pakistan to Push Islam

ISLAMABAD — Setting the tone for what promises to be a strongly religious tenure, Pakistan's new president urged Parliament on Monday to give Islam a stronger role in running the nation.

President Mohammed Rafiq Tarar advocated creation of an Islamic banking system, called for greater religious influence over state broadcasting, and suggested appointing a team to travel the world enhancing the image of Islam.

Mr. Tarar's first speech to Parliament came on the heels of a weekend of ethnic and sectarian violence that left 11 people dead. Two of the dead were Iranian Shiite Muslims, believed to have been killed Friday by militant Sunni Muslims in Karachi. Iran warned that more violence against its citizens could seriously damage relations between the two Islamic countries. (AP)

China Lauds EU Stance

BEIJING — China praised the European Union Tuesday for its "wise decision" not to criticize Beijing for human-rights abuses in a UN resolution, saying it welcomed non-confrontational dialogue on the issue.

The EU announced Monday that it would not submit a resolution at the March 16-24 annual meeting of the UN Commission on Human Rights in Geneva. The 15-nation group cited "encouraging results" from diplomatic contacts including the release of the dissident Wei Jingsheng. (AP)

EUROPE

Angry With Court, De Niro Promises to Shun France

Agence France-Presse
PARIS — In a bitter attack against France, the film star Robert De Niro said Tuesday that he would never return to the country because of a highly publicized nine-hour interrogation about an international call-girl ring.

"I will never return to France," the American actor told the newspaper *Le Monde*. "I will advise my friends against coming. I don't care about the Cannes film festival. And I will send your Legion of Honor

back to the embassy, quickly. I see no reason to keep this kind of thing from a country that betrays its motto, Liberty, Equality and Fraternity."

Mr. De Niro, who has been in Paris since October to make a movie, was called in for questioning on Feb. 10 as a witness in the investigation of a prostitution ring.

"I have never in my whole life paid a woman," the 54-year-old actor said. "And if I had, it wouldn't be a crime. But I have never had to."

This month, his counsel, Georges Kiejman, a former justice minister and celebrity lawyer, said the actor had filed a complaint for violation of freedom of movement and right to legal privacy because of the conditions in which he was brought in for questioning by a magistrate, Frederic N'Guyen.

In *Le Monde*, the Oscar-winning actor accused Mr. N'Guyen of "abuse of power" for having him brought to police headquarters without warning and under heavy escort

and for keeping him from his work for nine hours.

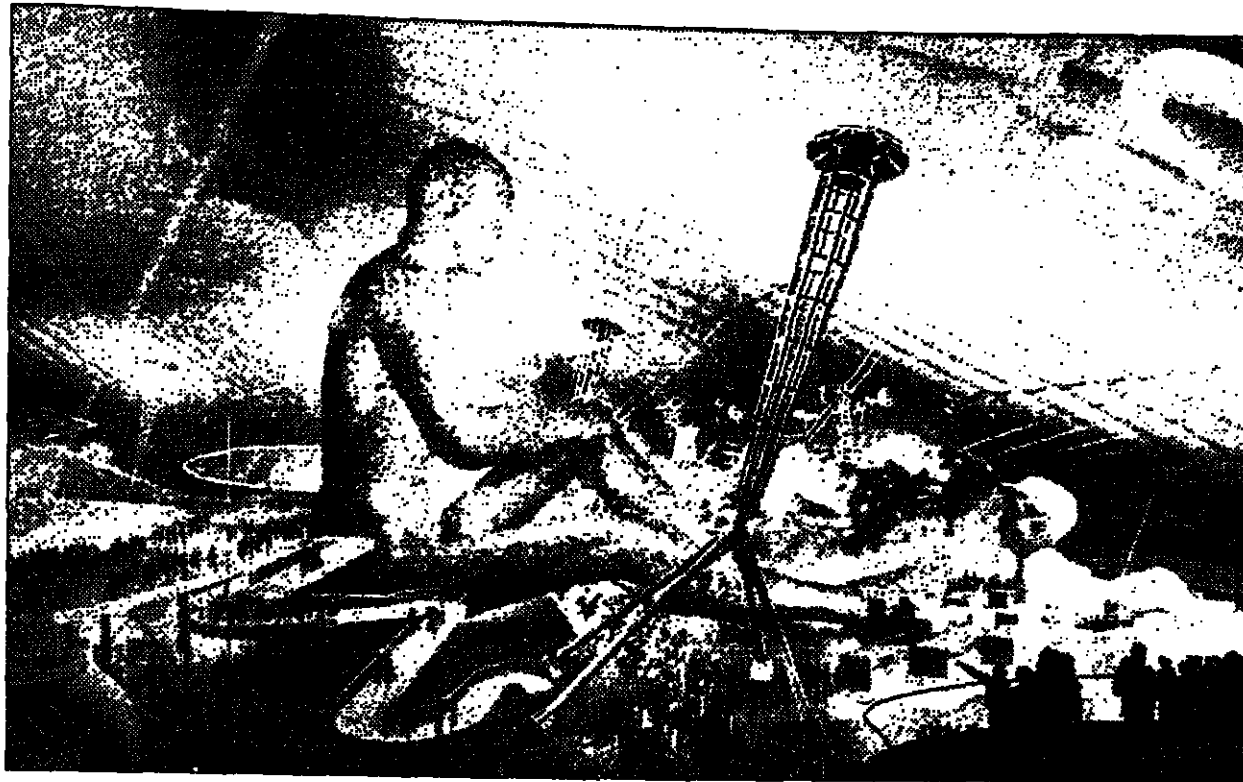
"I went crazy," he said, when half a dozen officers knocked at the door of his apartment in the swank Bristol Hotel.

Mr. De Niro had just gone to sleep after a full night's work on "Ronin" with the director John Frankenheimer and Mr. Kiejman was reported to have advised Mr. N'Guyen that the actor was willing to cooperate if the interrogation took place outside his work hours.

"There were no charges against me," Mr. De Niro said. "My name was in an address book and someone had seen me in a villa. So what? They showed me photos of young women and asked if I knew them. I knew one and I'd seen two."

"Had I paid them?" he continued. "No, no and no."

"Now I have to explain to my family that I was an accidental victim, but there's always that false saying about there being no smoke without fire."



A computer graphic made available Tuesday showing "The Body Zone," an exhibit planned for the dome.

The Millennium Dome Attracts Deep Pockets

Reuters

LONDON — British and American companies have promised millions of pounds to sponsor the Millennium Dome, which is under construction in southeast London, the chief executive of British Airways said Tuesday.

Robert Ayling, BA's chief and chairman of the government-owned New Millennium Experience Company, said companies had promised £58.8 million (\$96.5 million) so far.

He said that he was negotiating for an additional £16 million in sponsorship funds and that talks were continuing with about 40 other companies.

"There will be no difficulty at all in attracting support," Mr. Ayling said at a news conference after Prime Minister Tony Blair unveiled a preview of the dome's contents.

"People will not want to be left out."

The £758 million building is the biggest single construction project in Europe, and the most ambitious effort by any government to celebrate the turn of the century. The exhibition inside is billed as a multimedia experience about the nature of time and the way Britons will live in the 21st century.

Mr. Ayling said sponsorship pledges were running slightly ahead of expectations. The target is £150 million.

Mr. Blair, speaking to a gathering of potential business sponsors over breakfast, said British Telecommunications, Manpower Inc., the supermarket chain Tesco and the satellite television broadcaster BSkyB had each pledged £12 million as founding partners.

BRIEFLY



SUMMITRY — Chancellor Helmut Kohl of Germany and Prime Minister Jose Maria Aznar bowing Tuesday to an honor guard near Madrid.

3 Spanish-Basques Sentenced

MADRID — A Spanish court sentenced three members of the Basque separatist group ETA to 30 years in prison Tuesday for an armed attack on a policeman, a legal source said.

The three — Agustin Almaraz Larranaga, Jose Ignacio Alonso Rubio and Armando Legaz — were convicted in the shooting in December 1992 in the Basque city of San Sebastian.

They were also ordered to pay 350 million pesetas (\$2.3 million) to the officer, Isidro Artigas Agesta. He was hit by several shots while he worked in an identity papers office and was left a paraplegic.

Mr. Almaraz and Mr. Alonso had previously been sentenced to 29 years in prison for involvement in a murder case. (AFP)

Bosnian Serb Surrenders

BOSANSKI SAMAC, Bosnia-Herzegovina — Simo Zaric, a Bosnian Serb war crimes suspect, surrendered Tuesday to the Republika Srpska police here to be handed over to the United Nations war crimes tribunal in the Netherlands.

Followed by U.S. Embassy officials and the police, Mr. Zaric and his lawyer then drove to a base of the NATO-led peacekeeping force in Bosnia, from where he will be transferred to The Hague.

Mr. Zaric is one of six Bosnian Serbs indicted by the International Criminal Tribunal for the former Yugoslavia in The Hague in connection with the forced expulsion of non-Serbs from the Bosanski Samac area during the 1992-95 war. (AFP)

Land-Mine Campaign Moving

PARIS — The International Campaign to Ban Land Mines, winner of the 1997 Nobel Peace Prize along with its coordinator, Jody Williams, has decided to move its secretariat to Paris, according to the French aid group Handicap International.

The decision followed a meeting in Frankfurt last week on the future of the campaign, which was founded in 1992 and which brings together some 1,000 groups seeking to outlaw anti-personnel mines.

Until now the secretariat has been based in the United States under the aegis of one of the campaign's core members, the Vietnam Veterans of America Foundation. (AFP)

Greece Offers Talks to Turkey

ANKARA — Greece's foreign minister is willing to meet with his Turkish counterpart to seek a political agreement on disputes that have twice brought the NATO allies to the brink of war in a decade.

"We think everybody knows what the problems are," the Greek ambassador, Dimitris Nezeritis, said Tuesday.

"At this stage we need a political agreement on how to move forward on solving those problems."

According to Mr. Nezeritis, Athens has proposed a meeting in May between the two foreign ministers, Theodoros Pangalos of Greece and Ismail Cem of Turkey, on the sidelines of a Western European Union meeting on the Greek island of Rhodes.

He said that Athens was willing to go along with Turkish suggestions to implement NATO proposals to build confidence in countries on the Aegean Sea and to convene a council of "wise men," sponsored by the European Union, to discuss their disputes.

Turkey and Greece have long-standing disputes over control of the Aegean's airspace, waters, seabed mineral rights and the divided island of Cyprus. (AP)

In Diana's Hometown, Her Brother's No Prince of Hearts

By Sarah Lyall
New York Times Service

GREAT BRINGTON, England — At a recent meeting, the parish council in this tiny village presented its new footpath report. It disclosed its plans for Operation Spring Cleaning, in which volunteers help tidy the shrubbery and pick up debris. It reviewed the traffic situation on Main Street.

And it discussed Earl Spencer's proposals to convert a 50-room stable complex on his estate, Althorp, into a museum honoring his sister, Diana, Princess of Wales; to build a cafe and a Diana gift shop; and to construct a 500-car parking lot to prepare for the hundreds of thousands of people from around the world who are sure to descend on the area this summer.

That is only the beginning. Next to a village with 220 residents and no traffic lights, the earl is also planning an open-air rock concert in Diana's memory in June. In a move that has successfully alienated the neighbors on the other side of his 8,500-acre (3,400-hectare) estate, he is proposing to sell 400 acres of property, some of it pristine woodland, to developers.

Lord Spencer, who refuses to give interviews and who spends most of his time in self-imposed exile in Cape Town, has not been home much to discuss his plans, and people in Britain are not particularly eager to see him.

After a brief moment of public glory, when he rose like a fury at Diana's funeral in September and attacked the British royal family for mistreating her, he tumbled

quickly from favor. He had only himself to blame, the feeling seemed to be. He had forgotten about his own glass house when he started to throw stones.

The criticisms came thick and fast. His wife, Victoria, said during their divorce proceedings that the earl had repeatedly cheated on her even as she was suffering from anorexia, drug addiction and alcoholism.

The press he had pilloried reported that he had sold stories about his once-happy family to glossy magazines for hundreds of thousands of dollars. Members of the public accused him of cashing in on Diana's memory by charging a steep \$16 for tickets to Althorp, where she was buried after being killed in an automobile accident in Paris.

To add insult to injury, the 33-year-old earl's efforts to force Britain to enact a privacy law that would make it illegal for the news media to delve into people's private lives was rejected last month when the European Court of Human Rights summarily dismissed his case.

None of this really affects Great Brington and the planning applications, although it has not made Lord Spencer the village's most popular absentee landlord.

"He's been made who he is by the circumstances around him, and I feel quite sorry for him," said Rob Shardlow, a 30-year-old resident. "But the guy's a multimillionaire with a lovely house, and he acts like a bit of a prat."

While residents respect Althorp's new international significance and sympathize with the earl's plight, they are

not at all pleased with the prospect of hundreds of thousands of mourners, zealots, pilgrims, tourists, gawkers and thrill-seekers converging on their village and searching for nonexistent restaurants, stores, parking places and bathrooms.

"Goodness me, what a mess we're going to be in," one resident said, sharing the general feeling of dread as summer approaches: The villagers know it is going to be terrible, but they do not know how terrible, because they have no idea how many people will turn up.

They mention Elvis and Graceland under their breaths, wonder if what one resident called "Di-olatri" was not perhaps been carried too far, and say the earl has not considered the broader implications of his grand scheme.

Jose Maria de Areilza, Spanish Diplomat, Dies

New York Times Service

MADRID — Jose Maria de Areilza y Martinez de Rodas, 88, who was Francisco Franco's ambassador to the United States in the 1950s but later soured on the government and, after the dictator's death in 1975, served briefly as foreign minister, died here Sunday.

As foreign minister from December 1975 to June 1976, Mr. de Areilza toured foreign capitals to explain that a shift to democracy was afoot in Spain. But in July 1976, King Juan Carlos I announced the selection of a young reformer, Adolfo Suarez, as prime minister, bypassing the more ex-

perienced diplomat, whom many considered the likely choice.

Born in Portugal to a wealthy family, he took a law degree in 1932 at the University of Salamanca and ran unsuccessfully for Parliament in 1932 and 1936 on a platform seeking to restore the exiled King Alfonso XIII.

When the civil war began in 1936, Mr. de Areilza fought for Franco, and in 1937 was appointed mayor of Bilbao. He was ambassador to Argentina from 1947 to 1950; to the United States from 1954 to 1960, and to France from 1960 to 1964.

But in the mid-1960s he

openly criticized the government, arguing that the surest method to restore democracy in Spain was to bring back the monarchy. In 1966 he became the principal aide to Juan de Borbon, the exiled son of Spain's last king. But that association ceased in 1969 when Franco designated Juan de Borbon's son, Prince Juan Carlos, as his successor as head of state.

In the late 1970s, Mr. de Areilza helped found two conservative political parties, and he was elected to Parliament in 1979. In 1981, he was elected president of the parliamentary assembly of the Council of Europe, a

largely ceremonial post. He was elected in 1987 to a chair at the Spanish Royal Academy.

Ross Wetzstein, 65, Village Voice Editor

NEW YORK (NYT) — Ross Wetzstein, 65, a longtime editor at The Village Voice who helped create the Obie Awards for off-Broadway theater and was for 28 years the chairman and host of the annual event, died Friday after heart surgery.

Mr. Wetzstein was among the most prominent figures in the off-Broadway world. As a writer and editor, he called attention to the work of many fledgling theater companies as well as playwrights, including Sam Shepard, David Mamet and Wallace Shawn.

Mr. Wetzstein began at The Village Voice in 1966 and held numerous jobs at the

paper, serving as executive editor from 1973 to 1976 and, briefly, as editor in chief in 1974. Since 1976, he had been senior editor. He had recently completed a book, "Republic of Dreams: An Intellectual History of Greenwich Village," which is being published by Simon & Schuster.

Francis Harry Hinsley, 79, a British historian and authority on wartime intelligence and naval warfare, died Feb. 16 in Cambridge, England. He was an undergraduate at St. John's College, Cambridge, in 1939 when he was recruited by the Foreign Office for its code-breaking headquarters at Bletchley Park. Later he became the official historian of British intelligence. He was a professor, lecturer and research fellow at St. John's until his retirement in 1989.

'Heroin Chic' Threatens Young UN Report Assails Pop Culture as Making Drugs Seem Alluring

Agence France-Presse

VIENNA — The United Nations' anti-narcotics organization said Tuesday that pop stars and popular culture were threatening young people by glamorizing the use of illegal drugs.

In its annual report on global drug abuse, the organization, the International Narcotics Control Board, also criticized a decision to award a gold medal at the Winter Olympics to a Canadian snowboarder who tested positive for marijuana.

The board's chief, Hamid Ghodse, complained at a news conference to introduce the report about how drug use was portrayed in popular culture.

"The fashion industry coined the term 'heroin chic,' and certain pop stars have made statements to the effect that the recreational use of drugs is a normal and acceptable part of a person's lifestyle," Mr. Ghodse said.

While declining to identify specific stars, he referred to a band leader who made positive comments about the manufactured drug Ecstasy, and to "a middle-aged member of a rock band who said many of their greatest hits were inspired by cannabis."

Paul McCartney said last month that marijuana was the creative force behind the Beatles' album "Sergeant Pepper's Lonely Hearts Club Band."

Mr. Ghodse urged governments "to abide by their legal and moral obligation and to counteract the pro-drug messages of the youth culture to which young people are increasingly exposed."

The 75-page annual report lists drug problems worldwide, and makes recommendations on strategies for fighting abuse around the world.

Mr. Ghodse said the decision not to strip the Olympic snowboarder, Ross Rebagliani, of his medal would serve only to make marijuana more attractive to young people.

"The decision signifies that the use of cannabis is acceptable and normal even for a gold medalist and that is sad," said Mr. Ghodse.

The snowboarder was allowed to keep his medal after he argued before the Court of Arbitration for Sport that a positive test for marijuana in his blood resulted from his inhaling secondhand smoke. The court reinstated the medal because of a legal technicality.

The UN anti-drug chief also criticized the news media, saying they should be more responsible about reporting on efforts to legalize drugs, and assailed companies that he said promoted drugs "subliminally." He also criticized advertising campaigns. He also warned that the Internet had made information about drugs more available.

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INTERNATIONAL

Mossad Chief Quits Over Failed Attack in Jordan

By Serge Schmemmann
New York Times Service

JERUSALEM — The head of the Mossad, Israel's vaunted intelligence agency, resigned Tuesday, apparently under heavy pressure from within the agency to accept responsibility for the bungled attack on a Hamas official in Jordan last autumn.

Danny Yatom, a former army general who took charge of the Mossad in 1996, remained adamant in his resignation letter that he had been unfairly criticized by a government commission of inquiry.

The three-man panel concluded last week that Mr. Yatom had "erred in his handling of the operation and in approval of the plan" to assassinate Khaled Mshal, the political head of the militant Islamic organization Hamas. One commission member recommended that Mr. Yatom be dismissed.

An unidentified Mossad division head, who was also criticized in the report, resigned before it was completed.

"I do not accept the findings of the Ciechanover Commission report regarding faults in my performance, which were determined despite clear evidence to the contrary which I presented to the commission's members," Mr. Yatom wrote to Prime Minister Benjamin Netanyahu. "At the same time, I have no intention of ignoring the report, and, as the one who bears overall responsibility for the Mossad's activity, I have decided to tender my resignation to you."

The resignation dealt another blow to the prestige of the Mossad, whose exploits in past decades against terrorists earned it an aura of fearsome effectiveness. The internal intelligence agency, Shin Bet, suffered a setback to its image after its agents failed to prevent the assassination of Prime Minister Yitzhak Rabin in November 1995. The director of that agency resigned two months later.

Mr. Yatom's resignation followed reports in the Israeli press of growing resentment within the Mossad over his refusal to step down after the report came out last week. The newspaper Yedioth Ahronoth reported that a Mossad department head identified only as "R" had resigned in protest, circulating a letter to all other department chiefs accusing Mr. Yatom of unspecified infractions, "the likes of which we've never seen in the Mossad."

Yedioth Ahronoth also reported that the deputy head of the Mossad, "A," was refusing to work with Mr. Yatom and had threatened to quit within 10 days. The paper said other Mossad officials were considering an appeal to Mr. Netanyahu to fire Mr. Yatom.



Danny Yatom, left, in 1997 as Internal Security Minister Avigdor Kahalani made a point about the Mshal plot.

Sources close to Mr. Yatom countered that "R" was angry because he had been passed over for promotion and that other officials opposed Mr. Yatom because of organizational changes he was trying to make.

Mr. Yatom's resignation was also demanded by King Hussein of Jordan, who was furious when Mossad agents tried to kill Mr. Mshal in the Jordanian capital of Amman last Sept. 25 by injecting him with a slow-acting poison. Some of the Israelis were captured by Jordan, and the king compelled Israel to supply him with an antidote and then to release the spiritual leader of Hamas, Sheikh Ahmed Yassin, in exchange for the Mossad hit men.

After the publication of the Ciechanover Commission report, King Hussein reportedly said he would not resume Jordan's once-close cooperation with Israeli intelligence services so long as

Mr. Yatom remained in office. Mr. Netanyahu, who was fully cleared by the commission of any responsibility for the fiasco, said last week that he would "think very closely" before deciding whether to take action against Mr. Yatom or any other officer.

Mr. Netanyahu gave no indication as to whether he had concluded after reading the full report, of which only a few pages were made public, that Mr. Yatom should step down. A statement issued by the prime minister's office said Mr. Netanyahu had accepted the resignation "with regret" and had praised Mr. Yatom for "personal integrity, self-sacrifice and deep commitment to the country's security."

A 33-year veteran of the army who rose to the rank of major general, Mr. Yatom, 52, served as a military advisor to Mr. Rabin and his successor as prime minister, Shimon Peres. He was ap-

pointed head of the Mossad under Mr. Peres, and took up his duties in June 1996, the same time that Mr. Netanyahu became prime minister.

Army radio said speculation on Mr. Yatom's successor centered on three officials. First among them was Efraim Halevy, ambassador to the European Union and a former deputy head of the agency. Mr. Halevy was known to have been close to King Hussein in earlier years, and the thought was that his appointment would help restore Israel's intelligence links with Jordan.

Other potential candidates were Ilan Biran, director-general of the Ministry of Defense and a retired general who is highly regarded by Mr. Netanyahu, and Yitzhak Hefi, a former chief of the Mossad. The deputy head, "A," a woman, was regarded as a long shot, evidently because she did not hold many operational posts.

Algerian Troops Kill 42 Muslim Rebels

PARIS — Algerian troops shot and killed 42 Muslim rebels in military operations in western Algeria, while the death toll from a bomb attack on a train rose to 22, Algerian newspapers said Tuesday.

Suspected Muslim guerrillas also killed five villagers south of the capital, Algiers, the newspapers said.

Government soldiers shot the Muslim rebels in Tlemcen Province, 440 kilometers (275 miles) west of Algiers, a daily, *L'Authentique*, said.

The military has been carrying out similar operations across Algeria following the massacres of more than 1,200 civilians between late December and January. Algerian newspapers have said that more than 250 rebels have now been killed in these operations.

Rebels have been hitting back, ambushing soldiers and carrying out bomb attacks. According to Algerian newspapers, at least 47 soldiers were killed in two ambushes in northeastern Algeria on Thursday and Friday.

In another development, La Nouvelle République reported Tuesday that the toll from the bombing of a passenger train Monday had risen to 22 dead and 30 wounded. El Watan said 21 people were dead and 52 wounded. (Reuters)

U.S. Must Act First, Iran Official Says

TEHRAN — Foreign Minister Kamal Kharrazi said Tuesday that he was encouraged by recent statements on Iran by President Bill Clinton but that Washington had to act first to show it wanted ties with the Islamic republic.

"I hear some good words from the American side," Mr. Kharrazi said on the sidelines of a foreign policy seminar in Tehran. But, he added, "words are not enough."

Mr. Kharrazi declined to say which specific actions Washington had to carry out to show its good intentions.

Mr. Clinton said last month that he hoped the two countries would soon be able to enjoy "good relations" once

again and that although real policy differences remained between them, these were "not insurmountable."

Tehran has insisted that Washington demonstrate its goodwill toward Iran by meeting grievances such as releasing Iranian assets frozen in the United States immediately after the Islamic revolution of 1979. (Reuters)

Haiti Carnival Float Leaves 6 Dead

PORT-AU-PRINCE, Haiti — A runaway float barreled into a Haitian carnival crowd early Tuesday, killing 6 people and injuring 39, hospital officials said.

The driver of the float, which carried the popular music group RAM and dozens of fans, apparently lost control toward the end of the carnival procession on Port-au-Prince's downtown Champs de Mars square.

It was the second day of the three-day carnival, with dozens of musical groups on floats leading hundreds of thousands of dancing and singing revelers.

More than 1,500 police officers ensured security. (AP)

Plea for Puerto Rico To Vote on Statehood

WASHINGTON — President Bill Clinton has made a plea for giving Puerto Rico the right to vote on whether it wants to become America's 51st state.

In a speech to Democratic governors Monday night, Mr. Clinton urged Congress to pass legislation that would give Puerto Ricans a chance to vote for independence, statehood or the status quo.

This year is Puerto Rico's centennial as a U.S.-dependent territory. Puerto Rico's last referendum on statehood was in 1967.

"I think it is time that we responded to the aspirations of the 4 million U.S. citizens who live there and allow them to determine their ultimate political status," Mr. Clinton said.

The House of Representatives may vote in March on a bill that would let Puerto Ricans vote on their future. (Reuters)



2 FLAPJACKS TO GO — Marking a Shrove Tuesday tradition at Ripon Cathedral in England, the Reverend John Methuen, right, and a verger, Ken Benson, raced each other while they flipped pancakes.

IRA Man Sentenced In Heathrow Attack

Agence France-Presse

LONDON — An IRA soldier who was said to have provided a vital backup role for a mortar attack on Heathrow International Airport outside London was sentenced Tuesday to 20 years in prison.

Michael Gallagher, 55, was found to have been part of an Irish Republican Army team that fired three salvos of missiles packed with Semtex explosives at the world's busiest international airport in March 1994.

None of the missiles exploded. Mr. Gallagher was arrested on charges he rented a garage where the explosives were stored before the attacks.

GERMANY: Social Democrat Fires Up Campaign Against Kohl

Continued from Page 1

vote. Mr. Schroeder has vowed to reject the party nomination if he falls two percentage points below the 44.3 percent he won in the 1994 election. Current polls show him well above that threshold, holding steady at about 46 percent.

Mr. Kohl is expected to make at least a dozen campaign appearances in Lower Saxony before the election to try to rally votes for the Christian Democratic candidate, Christian Wulff. Ironically, Mr. Wulff was a leading critic of Mr. Kohl's decision to seek an unprecedented fifth term, chafing at the 67-year-old leader's refusal to step aside for a new generation of Christian Democrats.

While respectful of Mr. Kohl's abilities as a campaigner, Mr. Schroeder said the chancellor's efforts to influence the Lower Saxony vote — and thus deter-

mine the adversary he will face in September — did not trouble him. On the contrary, Mr. Schroeder said, Mr. Kohl could wind up serving his interests.

"When the time comes for Social Democrats to decide who has the best chance of defeating him, they only have to ask who worries Mr. Kohl the most," he said.

A more difficult challenge Mr. Schroeder faces is persuading fellow Social Democrats that he will not abandon their core beliefs.

He says he wants to preserve many of the welfare programs that have raised standards of social equality and public assistance to unparalleled heights in Germany — but not at the cost of ruining the nation's ability to compete in the new age of global markets. High salaries and income taxes give Germany some of the world's highest labor costs,

averaging nearly \$32 an hour.

As an active proponent of high-technology investments and a former board member of Volkswagen AG, which is one of the largest employers in his state, Mr. Schroeder says he understands the challenges faced by German businesses in coping with the global economy. And as one of five children raised by a war widow who eked out a living as a cleaning lady, he claims an empathy with workers that he says cannot be matched by Mr. Kohl or many other politicians.

"We can learn a lot from the United States, which created so many new jobs in the past few years, but we could never tolerate its social and economic inequalities," Mr. Schroeder said. "There must be a way to combine human sympathy with economic success, and that is what I want to stand behind the 'Made in Germany' label."

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EDITORIALS/OPINION

Herald Tribune

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A Deal Just in Time

Better Than Expected

Refraining from military action sometimes requires greater courage from a president than using force, as Lyndon Johnson learned too late in Vietnam. President Bill Clinton wisely decided on Monday to hold his fire against Iraq, tentatively endorsing the agreement reached during the weekend between Saddam Hussein and Kofi Annan, the secretary-general of the United Nations. If the Iraqi honors his newly minted commitments, the threat of military conflict should recede further in the days ahead.

The agreement, although all its details have yet to be disclosed, sounds stronger than initially described. It gives UN weapons inspectors unrestricted access to any site in Iraq that they suspect may contain weapons of mass destruction or the means to make them. That includes but is not limited to eight presidential sites that have been closed to inspectors, as well as dozens of other locations that Iraq has shielded in recent months.

If this agreement is honored, it will for the first time make comprehensive inspections possible in Iraq. Sending diplomats with the inspection teams when they visit presidential

sites, a concession made by Mr. Annan, should not compromise the inspectors' work.

Mr. Clinton rightly insists that Iraq now deliver on its promises, and properly reserves the option of using military force if the agreement is breached. To maintain maximum pressure on Iraq, American and British forces should remain in the region. With fresh Iraqi promises in hand, other Security Council members like Russia and France will find it harder to argue against the use of force if Iraq once again impedes or blocks inspections.

Mr. Annan proved a skillful and determined negotiator in Baghdad, yielding little to Saddam Hussein while putting the American threat of force to good use. It was the kind of useful diplomatic role that few UN chiefs have mastered.

Management of the crisis has also been well handled by Mr. Clinton. America sometimes has little choice but to use its power. Preventing the development or use of chemical and biological weapons by Iraq could be such a case. But Washington, as Mr. Clinton said on Monday, should also have the self-confidence not to use its strength when peaceful means can better achieve its objectives.

—THE NEW YORK TIMES.

But Not a Solution

By one test, averting American air strikes, the agreement negotiated by UN Secretary-General Kofi Annan is at least a temporary success. But by the test that counts most, ending Saddam Hussein's special-weapons threat, the agreement remains dubious and unproven, notwithstanding President Bill Clinton's provisional acceptance of it on Monday.

Saddam Hussein evidently is promising to honor an arms inspection agreement that he made in 1991 and toyed with and broke in 1997, and that he renewed last November and broke again in January. He is not offering to yield up suspect facilities and weapons but to let others try to penetrate the secrecy he has wrapped them in.

It was always difficult to imagine that he would yield up weapons he regards as his ultimate strategic card. The inspectors, with or without the diplomatic escorts now to be furnished ostensibly to save Iraqi pride, can only open doors and files they think may be concealing something. Mr. Clinton reports that unspecified clarifications and details remain to be elaborated. This is urgent in order to allay suspicions of questionable concessions.

Mr. Clinton rightly claimed that his own military preparation enabled the UN diplomacy, backed by France and

Russia, to work. But this gain comes at a cost. Saddam Hussein entered this crisis as an international villain isolated for invading Kuwait and making dirty bombs. He emerges as the much courted intended target of an American air assault that never came off but that still leaves him playing David to the American Goliath. He need merely bide his time to test again the constancy of American deployments and American allies.

Saddam Hussein's disappearance from the scene is the one development that might promise relief. Yet there is little visible support for a large ground campaign to oust him, and President Clinton has rejected making the Iraqi leader's removal an explicit American aim. What the current crisis demonstrates is the limits of the past seven years' containment policy. A more active strategy, one based on American initiative, needs to be explored.

This means first making the most of the inspections and staying able to respond to violations with the "serious" reprisals that Mr. Clinton promised on Monday. It also means deterring Iraqi threats to other nations, pressing for Saddam Hussein's trial for his criminal acts and sustaining his political opponents where feasible. It means keeping sanctions on as long as any possibility lingers that Saddam Hussein may acquire weapons of mass destruction.

—THE WASHINGTON POST.

Remembering Reagan

As president, Ronald Reagan projected optimism, conviction and nostalgia for a simpler time in America. Now retired and afflicted, he is poignantly beckoning Americans once again to recall a moment when presidential leadership itself seemed more simple and open than it is today. The president who stood for irreducible virtues like opposing communism and unleashing "the magic of the marketplace," as he self-consciously put it, has been vividly captured by the two-part documentary broadcast on PBS Monday night and Tuesday night. No less impressive is the program's acknowledgment that the man in the middle remains an enigma.

The program is only the latest of several recent displays of affection for Mr. Reagan. As his 87th birthday approached, normally fractious Republicans in Congress united to name an airport after him in the capital city he reviled. Cover stories in *Forbes* and *The Weekly Standard* asserted that the current economic boom should be ascribed to a presidency that ended nine years ago. Almost everyone seems to believe that he will be known as the leader who vanquished the "Evil Empire," a phrase that shocked the mainstream when he uttered it.

It does Mr. Reagan's memory a disservice to suggest that his leadership was flawless or his legacy uncomplicated. He advocated balanced budgets but never submitted one. His program favored the rich over the poor, and his approach to social policy was brutish. His sweeping tax cuts of 1981 were followed by tax increases in his own

term and then under George Bush and Bill Clinton, with little ill effect. The president who savagely opposed the missile treaty negotiated by his predecessor, Jimmy Carter, managed to live under its terms. His resolution in foreign policy was compromised by trading arms for hostages in Iran.

Mr. Reagan's great gifts are nonetheless global, the debasing. From the time of Teddy Roosevelt, only a handful of the nation's chief executives have pushed through their programs by sheer force of personality. At a time when many had concluded that the job was too much for one man to handle, he charted where he wanted to go, and thereby expanded the possibilities of the office itself.

Several moments in the PBS program are startling. There is the discovery by Edmund Morris, whose long-awaited biography of Mr. Reagan is due later this year, that the president's capabilities slipped steadily from the time he was shot in March 1981, for instance. But most striking is the essential loneliness and intellectual slightness of a man who had few if any intimate friendships beyond that with his wife, and was blissfully unquestioning about himself and his beliefs.

"You're not going to figure him out," declares Ron Reagan Jr. "That's the first thing you need to know. I don't think he's figured himself out."

That may be beside the point. Ronald Reagan figured out a few big, simple truths about the country, which is why Americans remember him fondly today.

—THE WASHINGTON POST.

Another Short-Term Arrangement With Saddam

By Thomas L. Friedman

WASHINGTON — Another deal with Saddam Hussein? Hmmm. Why does it leave me feeling uneasy, as if I had just agreed that Ted Kaczynski could be my mailman, because he has promised, this time, for sure, no more letter bombs? You just know that sooner or later something is gonna go boom.

Still, Bill Clinton is right to test whether this deal can meet three basic conditions. First, it really must provide free and unfettered access for UN weapons inspectors everywhere in Iraq. Second, the accord should be codified as a Security Council resolution so that there is no ambiguity about it in the future.

Third, the United States has to make clear to Iraq and U.S. allies that if there is any violation, America will use force, without negotiation, hesitation or UN approval.

But even if we get such a deal, have no illusions — it's not a solution. It is another short-term arrangement for coping with Saddam. We have not heard the last of him.

What about the long term? Before we look at that, let's note an important lesson from this last round: Saddam blinked. He backed down to Kofi Annan because he became convinced that

despite all the contradictions in U.S. policy, despite all the protesters and State and despite all the winning of U.S. allies, President Clinton was ready to use massive force against him.

He had defined Iraq's behavior as a clear national threat. Not everyone in America understood that, but Saddam did, and did not want to get hit.

Because he is a dictator, there is a tendency to assume that he has no domestic politics to worry about. U.S. networks contribute to this view by interviewing all these Iraqis in Baghdad who say they would happily sacrifice their sons for Saddam. Nonsense. None of these people are free to speak their minds. (The networks should remind their viewers of that occasionally.)

Saddam has real domestic politics. He cannot just expose his army to another savage bombing from the United States, he does not want to lose his palaces built at great expense, and he cannot just take one punch after another without exposing himself to even greater risk from his own military.

Watch those film clips of Saddam meeting with his generals. Why do you

think he is the only one in the room with a gun in his belt?

But while the threat of force may have worked, for now, we also have to cite another lesson: Had Saddam not blinked and had the United States blasted him, the United States would have been virtually alone. The world was not with us. I regret that, but it is a fact.

So what to do for the long run? The administration needs to decide: Does it want to resolve the contradictions between the United States and its allies, or go it alone and live with the contradictions of its own policy?

America's contradiction with its allies is summarized by the Middle East expert Stephen Cohen: "For the French, the Russians and the Arabs, there are no conditions under which they really believe it is O.K. to use violence against Saddam, and for the United States there are no conditions under which it believes sanctions on Saddam should ever be lifted."

That is, the allies simply do not believe that you can bomb Saddam because of any "potential" threat posed by his weapons, but only if there is an actual threat or usage. And the United States believes that, given Saddam's evil character, there is no way

sanctions should ever be lifted, even if he complies with the UN inspectors.

One option, therefore, is to make a deal with the allies. Russia, France and the Security Council would formally agree that if Saddam violates the accord, the United States can use force. And the United States would agree that if the United Nations ever certifies Iraq as bomb-free, the United States will lift the sanctions (but there would still have to be ongoing inspections).

The other option is for the United States to live with the contradictions of its own policy. U.S. policy is that Saddam is Hitler, but the United States will not go after him personally. But it will bomb Iraq, knowing that this will only deter Saddam temporarily, while alienating the rest of the world. As a policy, it is not pretty.

But neither is the Middle East. That is why it is worth trying to sort out the contradictions with the allies. But if it cannot be done, America has to be ready to live with its own contradictory policy. Sure, it doesn't make perfect sense. But maybe it was the sheer bullheadedness of it that intimidated Saddam. After all, in his neighborhood, crazy buys you a lot.

The New York Times.

Annan Has Given Washington Time to Build a Better Case

By E. J. Dionne Jr.

WASHINGTON — UN Secretary-General Kofi Annan did a great favor to the United States and to the Clinton administration by brokering a deal that appears to allow weapons inspectors in Iraq to go forward unfettered.

Bill Clinton can fairly claim the deal as a victory for diplomacy "backed by strength and resolve," as he put it on Monday. And postponing war gives him a chance to do what he has failed to accomplish so far — to build confidence in his policy at home and rebuild the international coalition that the United States needs to assemble if it is to act successfully against Saddam Hussein.

The need for a more compelling case was underscored by the raucous reception given defenders of the administration's policy at Ohio State University last week. The only thing shocking about Ohio State was how shocked and dismayed so

many people were that the event turned out as it did. The notion that 6,000 Americans would gather to discuss an immensely controversial question and act like sheep is both insulting and absurd in light of history. In the United States, every war breeds an anti-war movement. The administration's own foreign policy doctrine tells us that.

The president's former national security adviser, Anthony Lake, gave some thoughtful speeches a few years back declaring that the U.S. government should make supporting democracy around the world a cornerstone of foreign policy. That is not only morally right but also practical, because democracies are usually reluctant to go to war.

Town meetings are not campaign rallies or media events. They are deliberative bodies where people express their

views and argue about them, often fiercely.

But it is easy to get the wrong idea about what happened at Ohio State. If you watched all 90 minutes, you noticed, first, that the loud anti-war demonstrators were a minority of the crowd. Whenever moderators Judy Woodruff or Bernard Shaw asked the demonstrators to let the visitors speak, most of the crowd responded approvingly.

Second, judging from the questions asked and the applause they received, the chief question was whether war would succeed in toppling Saddam. A veteran who lost a son in Vietnam asked, "Are we willing to send the troops in and finish the job?"

An analogue to the sentiments heard at Ohio State was a slogan often shouted during the Vietnam years: "Win or get out." In Iraq, winning is

now popularly defined as getting rid of Saddam.

This sentiment goes back to the Bush administration's approach to selling the original Gulf War. When selling it as a war for jobs or oil failed, it was sold as a war against Saddam himself and the dangers he posed. This was entirely honest. Saddam was, and remains, a genuine threat.

But the intense Saddam focus created a problem, as Democratic pollster Geoffrey Gurnea saw before the Gulf War. "The situation has come to be so focused on Saddam that anything that leaves him in power will be unsatisfying to the public," he said in February 1991. That legacy is still with us.

One other thing missed about Ohio State: In the midst of the shouting, Madeleine Albright, William Cohen and Samuel Berger made a good case for what the administration wants to do.

Mr. Cohen rightly noted "the

difference between what is desirable and what is practical," meaning that it is hard to find a policy guaranteed to drive Saddam from power. Yet if the United States does nothing, Saddam and rogues like him will know that they can ignore the international community and threaten the world at will.

Now, thanks to Kofi Annan, the administration gets a second chance to do things right. It is obvious that Americans don't like wars, and they especially don't like wars with limited aims. All the stage management in the world, at Ohio State or elsewhere, will not change that.

But it is possible to persuade people here and around the world that a long struggle with Saddam Hussein is worth the cost, and that this struggle requires both toughness and patience. The administration should be grateful for the Annan reprieve, and go to work.

Washington Post Writers Group.

Paying for the Asia Bailout With Costly Trade Deficits

By Stephen S. Roach

NEW YORK — Geopolitical shocks always seem to bring out the failings of forecasters. That was certainly the lesson of the OPEC disruptions of the 1970s and again in the Gulf War of 1991. Both times, economists failed to understand the lethal interplay between fear and reality.

Much the same has happened in Asia. Steeped in the saga of seemingly open-ended Asian growth miracles, few experts anticipated the currency and banking crisis that began descending there last year.

Now the experts could be making another error. Many economists and Washington policymakers predict that the Asian crisis will spill over immediately into the American economy in the form of weaker growth and higher unemployment. Yet the true threat could be very different.

Fully six months into the turmoil in Asia, employment and growth in real GDP remain

strong in the United States and should stay so through most of 1998. But the real cost of the Asian crisis could come in the form of substantial trade imbalances that could take a severe toll on the dollar and interest rates.

First, let's establish what the Asian crisis is not. Contrary to widespread belief, it does not represent a major deflationary threat to the global economy.

If the Asian contagion were truly global, the disease would have to be transmitted through cross-border trade — the exports and imports that connect the region to the rest of the world. Yet that link is limited. Asian countries other than Japan account for just 7 percent of global trade — or just 1.5 percent of the world's GDP. Even if Asia collapsed completely, it would hardly bring the global economy to its knees.

The world's major industrial

countries should be especially well insulated. Any downside, such as weaker exports to Asia and more imports from it, is largely offset by two immediate windfalls: lower interest rates and cheaper prices for Asian-made components for things like electronics.

Nevertheless, those windfalls are temporary, and world financial markets will not be let off the hook.

Asia must increasingly rely on reduced imports and stronger exports if it is to restore economic growth. That will result in big changes in the region's trade balance. As Asia's exports rise and its imports decline, its overall balance of payments could improve by at least \$100 billion by 1999.

Such shifts do not occur in a vacuum. In simple terms, one nation's surplus is another's deficit. And that brings the United States into the equation

as the most likely candidate to absorb the bulk of Asia's trade adjustments.

Why should the United States feel this heat? For starters, it is the world's richest and deepest market; any acceleration of Asian exports can't help but find its way into the American economy.

But there is another, more ominous reason. As a nation that does not save very much, the United States has become increasingly dependent on foreign capital, particularly overseas purchases of Treasury securities, to finance domestic growth. And that foreign capital is part of the self-perpetuating cycle that governs America's balance-of-payments deficit with the rest of the world.

When the American consumer buys, say, a Japanese car, that sends dollars overseas. Those dollars then get "recycled" back into American financial assets — most recently, in the large volume of Treasury securities purchased by foreign investors. Thus the savings-short U.S. economy has developed a built-in tendency toward large trade imbalances.

So it should not be all that surprising that the U.S. balance-of-payments deficit exceeded \$160 billion in 1997, or 2 percent of GDP. Thanks to the Asian crisis, this deficit is about to get considerably larger. The risk is that as the United States absorbs more of Asia's impending trade adjustments, the overall balance-of-payments gap

could reach at least \$250 billion by 1999, or 3 percent of GDP — closing in on the 3.8 percent record hit in 1987.

This could be a very serious problem, because a sharp widening in any nation's balance-of-payments deficit tends to be increasingly expensive to finance. When foreigners are asked to buy an ever expanding volume of another nation's assets, the forces of supply and demand come into play and invariably reduce the value of those assets.

In the United States, such a reduction could take two forms. The dollar could weaken, giving foreign investors more purchasing power with respect to American financial assets. Or interest rates could rise, providing foreign investors with more attractive rates of return on American bonds.

That is when the Asian crisis might finally hit home in America. The ever exuberant financial markets — stocks and bonds alike — might then correct. And the events halfway around the world would suddenly show up in the form of reduced wealth for the average American investor.

Painful as it is, this outcome should not be that surprising. The cost of the bailout of Asia has to be paid by someone.

The writer is chief economist and director of global economics for the securities firm Morgan Stanley Dean Witter. He contributed this comment to *The New York Times*.

Japan Indecisive? Look Again

By Gregory Clark

TOKYO — Conventional wisdom says Tokyo helped cause the current Asian financial crisis through its indecisiveness. Conventional wisdom is wrong. Tokyo may have helped worsen the crisis, but, if anything, that was because it was too decisive.

At precisely the wrong moment late last year, Tokyo set out firmly to cut government spending as the path to economic salvation, when it should have been expanding its spending.

As a groupist, consensus-run society, Japan lacks the top-down decision-making mechanisms found in most other advanced societies. But that does not mean it cannot make decisions. On the contrary, once someone decides that the consensus is in place for Japan to move in one direction or another, it can move with a speed and ferocity that leave the rest of us for dead. Remember Pearl Harbor?

For most of 1997, the consensus was working overtime to push Japan into fiscal stringency. That consensus came from three directions. One was a deep and long-felt hankering among conservatives for the small-government, laissez-faire, Reagan-Thatcher policies that were supposed to have saved the

United States and Britain in the 1980s, as a way to pull Japan out of its current problems. Another was a deep disgust with the waste and corruption that accompany much fiscal spending in Japan.

On top of all this was the elitist Finance Ministry, which identifies Japan's interests with its own — to the point of working actively to preserve Japan's tobacco addiction because of the tax revenues it provides.

The ministry wanted immediate moves to reduce its burdens in servicing Japan's large national debt, regardless of the state of the economy.

The result was a 1998 budget promising severe cuts in public works, and a bill pushed rapidly through Parliament this past November decreeing a gradual reduction in the issue of deficit bonds after five years. The next result was an economy in a highly predictable tailspin.

As bankruptcies grew and the stock market fell, it took just a month for panicky politicians to make a complete turnabout and embrace fiscal generosity as the savior of the economy. Almost daily we are being greeted with policies that

completely deny the policies of just three months ago.

True, when consensus is lacking, Japan can be painfully slow in making decisions. But once the mood or climate of opinion seems in place, major decisions can be made overnight, often by just one or two people. The mass media play a major role in deciding what that mood and climate should be.

In November, it was obvious to anyone who knew anything about economics that with interest rates at close to zero, Japan had no choice but to rely on fiscal tools to pull its economy out of dangerous stagnation. To choose fiscal stringency was a repeat of the Hooverite policies in America in the early 1930s that triggered the Great Depression.

All this was ignored by media bent on convincing the nation that stringency was the answer. Politicians followed meekly behind.

Japan may be guilty of many sins in its economic policies, but this time lack of decisiveness was not one of them.

The writer, a Japan specialist and former Australian diplomat, contributed this comment to the *International Herald Tribune*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: War Scare Is On

NEW YORK — When the cry of "fire" causes a stampede in an overcrowded building, even when there is no fire, weak persons are sure to be hurt. Something like this is going on in Wall Street. The cry of "War!" is shrieked into the ears of the public until an unreasonable liquidation is in progress. Vague doubt is worse than definite danger. Nothing is known about the sinking of the Maine, but the public has got the scare on and there is no telling where it will stop.

1923: Sleek Coiffure

PARIS — If woman's crowning glory is her hair, it is partly because she arranges it becomingly. Therefore the beginning of a fashion in hairdressing is always interesting to watch, and each woman watches to see how a new coiffure stands the test of

the ballroom. The careless freedom of the bobbed hair is over, and superlative art is required to achieve the sleek effect that is at present in vogue. This coiffure calls for a certain type of ornament, and the most favored seems to be the band of metallic tissue in fantastic designs, suggesting the illusion of a crown.

1948: Czechs Go Red

PRAGUE — The Communists impatiently brushed aside negotiations tonight (Feb. 24) and virtually took control of Czechoslovakia. With tens of thousands of Communist-led demonstrators swearing allegiance to Communist Prime Minister Klement Gottwald and the Soviet Union, Czechoslovakia appeared to have gone the way of eastern Europe. Today's events completed the Communists' penultimate act in their grasp for control. They need now only to install their own cabinet.

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INTERNATIONAL

For Clinton, a Decision With Little Choice

By R.W. Apple Jr.
New York Times Service

WASHINGTON — President Bill Clinton had no real choice.

Unwilling from the start of the latest confrontation between Washington and Baghdad to contemplate a military or a military and political campaign to drive Saddam Hussein from power, the president cast the crisis as a test of wills not between the United States and Mr. Saddam, but between the United Nations and Mr. Saddam.

The overriding issue, Mr. Clinton declared last week, was whether the Iraqi president would "allow the UN inspectors to complete their mission with full and free access to any site they suspect may be hiding materials

or information related to Iraqi weapons of mass destruction programs."

Now, presented with an agreement bearing the imprimatur of Kofi Annan, the secretary-general of the United Nations, Mr. Clinton could

NEWS ANALYSIS

hardly turn his back upon it and send the bombers in.

So he bought the deal Monday, even as he spoke of "details" that still have to be worked out and stressed what he called "a big if" — the question of whether Mr. Saddam would keep his word. He would keep U.S. forces at a high level of preparedness, the president said, and use them if necessary.

A Pentagon Dilemma: Sustaining Gulf Buildup

By Bradley Graham
Washington Post Service

WASHINGTON — Even as the prospect diminished that the United States would unleash airstrikes against Iraq, the Pentagon was confronting another problem: how to sustain its expensive buildup in the Gulf region without placing a severe strain on U.S. security commitments elsewhere in the world.

President Bill Clinton said he had ordered U.S. forces to stay at "high levels of preparation" in the Gulf until Iraq adequately demonstrates its commitment to unrestricted inspections of suspected weapons sites. Pentagon officials said all of the additional equipment and manpower rushed to the region in the last four months would remain in place.

"Right now, we're just going to leave the force the way it is," a senior official said. "We'll stay at two aircraft carriers and retain all the land-based aircraft, too."

The U.S. military presence in the Gulf has grown to more than 300 combat aircraft, 30 ships and about 35,000 sailors, soldiers, Marines and airmen. The buildup has occurred against the backdrop of substantial Pentagon troop cuts in recent years and the commitment to noncombat missions in such places as Bosnia-Herzegovina that have taxed U.S. forces.

It has also already created gaps resulting from absent aircraft carriers and other military assets in two critical theaters — the western Pacific and the Mediterranean — and promises to add hundreds of millions of dollars to defense operating costs. While senior military officials said the strains are not critical, they warned that keeping the Gulf force at its current size through the year would significantly disrupt military operations elsewhere.

The possible vulnerability of U.S. defenses worldwide was mentioned by General John T. Jumper, commander of U.S. forces on the Korean Peninsula, in a confidential memo to the Pentagon this month. The diversion of an aircraft carrier and several ammunition supply ships from South Korea to the Middle East, he wrote, had weakened the ability of his troops to repel a surprise North Korean attack.

General T. Jumper also said that shortages in Patriot anti-missile batteries, several army missile systems and main gun tank rounds "will severely impact our ability to defend Seoul," according to a copy of the Feb. 18

memo, first reported by the weekly newsletter "Inside the Air Force."

To compensate for the transfer of the aircraft carrier, the Pentagon sent a squadron of F-15 fighter jets and some AC-130 gunships to South Korea, and put some U.S.-based combat aircraft on alert. The general said those measures had "mitigated some of the vulnerabilities" created by the Gulf deployments.

He also acknowledged that the chances were small that North Korea would attack in the foreseeable future.

A senior U.S. commander in Europe voiced similar concern about the absence in the Mediterranean of an aircraft carrier and a Marine amphibious group, both of which were shifted to the Gulf. "It's a risk," the commander said. He called the risk "acceptable" for now, but made clear he had initially expected the gap to last only "five or six weeks."

The buildup in the Gulf had been scheduled to peak this week, amounting to several-fold increases in the numbers of combat aircraft and ground troops normally in the area.

Since the autumn, when tensions started rising over Iraq's refusal to allow unrestricted access to United Nations weapons inspectors, the navy has increased the number of sailors in the region from about 2,300 to 20,000. And it has gone from having an occasional carrier cruise the Gulf to maintaining a round-the-clock presence of two carriers.

The number of air force personnel also has jumped, from about 6,000 to more than 8,000. To augment the 100 or so aircraft usually based in Saudi Arabia for patrols over southern Iraq, the air force sent two dozen F-15 and F-16 fighter jets to Bahrain.

It has authorized the dispatch of 12 F-117 stealth fighter jets to Kuwait, three B-1 bombers to Bahrain and 14 B-52 bombers to the island of Diego Garcia. It also has diverted dozens of support aircraft to the region for refueling, surveillance, electronic jamming and search-and-rescue missions.

The army has bolstered its strength in Kuwait from about 1,500 troops to more than 7,000. And the Marines have sent an amphibious force of 2,000 aboard four ships.

A high-ranking military officer said that all these moves have cost more than \$500 million so far, nearly double what the Pentagon had budgeted for this year's air patrols over Iraq in enforcement agreements that ended the Gulf War in 1991.

On the international front, Mr. Clinton may find himself faced with another challenge. If Mr. Saddam has succeeded in hiding the materials needed to make weapons of mass destruction — and experts warn that they are easily concealed — the inspectors may find little or nothing. And if that happens, French and Russian diplomats are likely to press at the United Nations and elsewhere for the lifting of economic sanctions against Iraq.

In the short term, Mr. Clinton has avoided a risky military involvement that could have proved costly in the coin of diplomacy as well as domestic politics. In the longer term, it is not clear that he has permanently averted military action. Nor is it clear that Iraq will soon be even reasonably free of weapons of mass destruction.

The details, officials said, could prove highly troublesome, particularly a provision that diplomats would accompany the inspectors to some sites. "Who's going to choose the diplomats?" a senior State Department official asked. "Precisely what will their function be? Will they be able to influence how the inspectors go about their job, and where? This is a concession to Saddam, and he may find a way to make mischief with it."

Once again, the Iraqi leader has retreated, but he has bought time to move war material and perhaps to hide it more effectively. And few in Washington believe that the last chapter of the story has been written.

Although Mr. Saddam has promised for the first time since the Gulf War in 1991 to permit full access to all suspected sites, there is no assurance that he will ultimately permit it, any more than he did then.

Unless he has undergone a conversion almost as dramatic as Saul's on the road to Damascus, he will try to preserve his arsenal. He may revert to his long-established pattern of stalling, obstructing and redefining terms. But on the other hand, he may adopt new tactics in pursuit of an old strategy.

"He clearly hasn't undergone a conversion," said Richard Haass of the Brookings Institution, who dealt with the Middle East on the National Security Council of President George Bush. "He will almost certainly continue to try to cheat and keep his weapons. But this time he may not try to obstruct the weapons inspectors. He may not be able to, and he may not have to."

Key Points of Accord in Baghdad

Compiled by Our Staff From Dispatches
These are the key points of the agreement signed Monday by Tariq Aziz, Iraq's deputy prime minister, and Kofi Annan, the United Nations secretary-general:

INSPECTIONS: Iraq agrees to "cooperate fully" with weapons inspectors from the United Nations Special Commission, known as Unscm, and the International Atomic Energy Agency and to give "immediate, unconditional and unrestricted access" for inspections, except for eight "presidential" sites, "all other areas, facilities, equipment, records and means of transportation" will be subject to normal Unscm inspections.

PRESIDENTIAL SITES: Special procedures will apply to inspections at the eight presidential sites. The UN secretary-general will appoint a group of "senior diplomats" and inspectors from Unscm and the International Atomic Energy Agency to inspect these sites and will name a commissioner to head the group. It will "operate under the established procedures of Unscm and IAEA and specific detailed procedures which will be developed given the special nature of the presidential sites."

SOVEREIGNTY: The UN reaffirms that all members should "respect the sovereignty and territorial integrity of Iraq." Unscm will "respect the legitimate concerns of Iraq relating to national security, sovereignty and dignity."

SANCTIONS: Iraq and the United Nations agree to improve "cooperation and efficiency, effectiveness and transparency," and, noting the "paramount importance" of lifting UN sanctions, the secretary-general will bring this matter to the full attention of the Security Council. (AP/WP)

"My guess is that during this four-month stalemate he will have dug deeper holes and found other ways to hide the stuff from inspection."

If inspectors are obstructed, Mr. Clinton will find himself right back where he has been this month. He suggested Monday that having given Mr. Saddam a last chance to live up to his word, any violations would swing world opinion much more solidly behind U.S. military intervention.

Perhaps. But to accomplish that, the president would have to do a much better job of convincing the skeptics — the French and the Russians, many in the Arab world and an indeterminate but clearly substantial slice of the American public — that Mr. Saddam is indeed a menace to world stability in a class with Hitler, as members of the U.S. administration have said.

At home in the coming weeks, Mr. Clinton will probably face a continuing barrage of criticism from conservatives, many of whom believe that the Iraqi problem will be solved only when Mr. Saddam is removed from office.

This week's editorial in The Weekly Standard, one of the main conservative journals of opinion, is headlined "Attack Iraq." It argues that "a comprehensive military and political offensive aimed at removing Saddam" would have represented "a better and more easily defined course of action than the course President Clinton chose, and such a strategy remains a better course of action for the future."

Prominent Republican lawmakers agree. As Senator Arlen Specter of Pennsylvania said Monday, "One way or another we're going to have to topple Saddam Hussein" to get rid of the weapons of mass destruction. But neither he nor other hawkish Republicans would explicitly call for the use of U.S. troops to get the job done.

By hitting the nation's policy to the United Nations, Mr. Clinton has also exposed himself to attack from those who distrust the world organization. Although he made guardedly positive comments about the agreement, Senator Trent Lott of Mississippi, the majority leader, said the president had put himself in a box.

This is another example of how the administration's foreign policy is subcontracted to others," he said to reporters at the Capitol.

lomatics" and inspectors from Unscm and the International Atomic Energy Agency to inspect these sites and will name a commissioner to head the group. It will "operate under the established procedures of Unscm and IAEA and specific detailed procedures which will be developed given the special nature of the presidential sites."

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Explaining the Contradictions

Clinton's Job Approval Rating Remains High ...

QUESTION: Do you approve of the way Bill Clinton is handling his job as president?

ANSWERS: APPROVE DISAPPROVE

APPROVE 75% DISAPPROVE 25%

... Even Though a Majority Suspect an Affair ...

Is it true that Clinton had an affair with Monica Lewinsky?

PROBABLY TRUE LEAN PROBABLY TRUE

TRUE 65% PROBABLY TRUE 35%

LEAN PROBABLY TRUE 35% TRUE 65%

The Public Sees Any Affair as Private ...

Is this situation a private matter having to do with Clinton's personal life or a public matter having to do with Clinton's job as president?

PRIVATE 75% PUBLIC 25%

PUBLIC 75% PRIVATE 25%

Based on telephone interviews with 1,153 adults conducted nationwide by The New York Times and CBS News Feb. 19 to 21.

The New York Times

... But They Say Clinton Should Be Honest When Questioned ...

Does Clinton have a responsibility to be completely truthful when questioned in public about his sexual conduct?

YES NO

YES 75% NO 25%

Kenneth Starr is Seen as Partisan ...

Is Starr conducting an impartial investigation to discover if anything illegal occurred or a partisan investigation to damage Clinton?

IMPARTIAL PARTISAN

IMPARTIAL 75% PARTISAN 25%

... And as Having Overreached in This Inquiry ...

Has Starr gone too far in his methods used in the investigation regarding Bill Clinton and Monica Lewinsky?

TOO FAR NOT FAR ENOUGH

TOO FAR 75% NOT FAR ENOUGH 25%

ADMIT IT AND APOLOGIZE DROPPED

ADMIT IT AND APOLOGIZE 75% DROPPED 25%

The New York Times

While Most Say Details of the Relationship Are Unimportant ...

Is it important for the public to know what the relationship was between Bill Clinton and Monica Lewinsky?

IMPORTANT FOR THE PUBLIC TO KNOW UNIMPORTANT

IMPORTANT FOR THE PUBLIC TO KNOW 75% UNIMPORTANT 25%

The Public Doesn't Need to Know ...

The Reverse Is True: Suborning Perjury ...

Is it important for the public to know whether Clinton encouraged her to lie?

IMPORTANT FOR THE PUBLIC TO KNOW UNIMPORTANT

IMPORTANT FOR THE PUBLIC TO KNOW 75% UNIMPORTANT 25%

But if the Charges Are True, Most Expect Resignation or Impeachment ...

If it turns out that Clinton obstructed justice, should he admit his mistakes and apologize, should he resign, should Congress begin impeachment proceedings or should the matter be dropped?

RESIGN IMPEACHMENT

RESIGN 75% IMPEACHMENT 25%

ADMIT IT AND APOLOGIZE DROPPED

ADMIT IT AND APOLOGIZE 75% DROPPED 25%

The New York Times

POLL: Public Gives Collective Shrug Over Clinton

Continued from Page 1

agreed with the proposition that "someone can still be a good president even if they do things in their personal life that you disapprove of."

Having been confronted with some details about Mr. Clinton's relationship with Ms. Lewinsky over four weeks of accusations and piecemeal disclosures, the public is in no mood to let glimpses of the president's private life lower its opinion of his job performance.

With even half of Republicans and conservatives saying that they are pleased with the job he is doing, Mr. Clinton has achieved the highest public approval ratings of his presidency in the joint New York Times/CBS News Poll.

Pulled aloft by record levels of public satisfaction with the economy and the direction the country is taking, the president's overall job approval rating is now 68 percent, up from 56 percent just before he delivered his State of the Union message last month.

In another record high, 57 percent of the public view Mr. Clinton favorably, while 29 percent view him unfavorably. The telephone poll, conducted among 1,153 adults from Thursday through Saturday, has a margin of sampling error of plus or minus three percentage points.

Despite their qualms about his truthfulness and personal conduct, people do not hold the president responsible for the crisis engulfing the White House. A majority of 57 percent blame Mr. Clinton's political enemies for "creating the current situation."

"I wasn't the biggest Clinton fan," said Patrick Lynch, a 30-year-old bartender in Glenside, Pennsylvania, who was interviewed after taking part in the poll. "But when I see all the things that he's been able to do, it just seems that someone is going to great lengths to ruin his day."

Even among those who think that Mr. Clinton is lying about his relationship with Ms.

Lewinsky, nearly 4 in 10 say they think that the investigation should be dropped.

Evidently unworried about the long-term impact of the crisis, 58 percent predicted that it would not interfere with Mr. Clinton's ability to function effectively as president.

Judging from the poll, the White House has plenty of political breathing room as it pursues its strategy for dealing with Mr. Clinton's crisis, withholding information and attacking the independent prosecutor, Kenneth Starr.

There is little public impatience about the president's resolute silence regarding Ms. Lewinsky. Just over three-quarters of the people surveyed, 77 percent, said Mr. Clinton should wait until the investigation was completed before addressing the accusations that he had an affair with her and sought to cover it up.

Sixty-four percent called the accusations against Mr. Clinton a private matter having to do with his personal life rather than a public matter involving his job as president.

Mr. Starr's own favorability rating remains dismal, with three times as many people expressing a negative opinion of him as offering a positive one. Perhaps taking a cue from White House attacks, 59 percent agreed with the proposition that Mr. Starr was "mostly conducting a partisan investigation to damage Bill Clinton." A month ago, only 47 percent said he was being partisan.

While saying they were uninterested in whether Mr. Clinton and Ms. Lewinsky had an affair, the public was less dismissive of the accusation that he encouraged her to lie about it. Sixty-one percent said that it was important for the public to know whether or not he did so.

But even if it turns out that Mr. Clinton obstructed justice by lying under oath or urging Ms. Lewinsky to lie, most Americans think that matter should be dropped or that he should simply admit it and apologize. Only 21 percent favor his resignation in that situation, while 12 percent say that the Congress should begin impeachment proceedings.

NO DEAL: Drugs Merger Ends as Egos Clash

Continued from Page 1

only to fail to consummate the deal each time. "After two abortive deals of this size in five weeks, people must be asking questions," Mr. Aldersley said.

On Jan. 20, SmithKline announced it was in merger discussions with American Home Products Corp., a U.S. drugmaker with which it has some cooperative ventures. The companies said the deal would give them the resources needed to develop and market new drugs, a key factor when the cost of developing new drugs has escalated to £200 million and more.

But reports quickly circulated that among other problems, the two companies could not agree on the top jobs, in particular whether the company should be headed by Mr. Leschly, or by John Stafford, chairman and chief executive of American Home Products.

On Jan. 30, SmithKline stunned the industry by jilting American Home Products and announcing a new merger partner, Glaxo Wellcome. The logic remained the same — the merger was a "compelling strategic opportunity." The combined company would be

nearly twice the size of its nearest rivals, Novartis AG of Switzerland and Merck & Co. of the United States. It would spend an unparalleled £3 billion on research and development and combine complementary strengths in almost all drug categories.

This time, though, it appeared to be virtually a done deal as the two companies announced agreement on several key details, including the breakdown of ownership and the sharing of jobs among the top five executives. Mr. Leschly, 57, was in line to serve as chief executive, while Sir Richard Sykes, a 55-year-old biochemist who serves as Glaxo Wellcome's chairman, would hold the same position in the merged company. Both men knew each other from when they worked as senior executives at Squibb Co. in the 1980s, before that company was bought by Bristol-Myers Corp.

But trouble surfaced at a meeting of senior executives on Friday, according to SmithKline, when Glaxo Wellcome "indicated that it was not prepared to proceed on the agreed basis." Many analysts thought even the combined company was too small to contain two strong-willed corporate chieftains such as Sir Richard and Mr. Leschly. Both men had built their companies through acquisition, and both would have retained a hand in operations because Sir Richard was scheduled to be an executive chairman.

Mark Becker, an analyst at J.P. Morgan & Co., said SmithKline had a reputation for investing aggressively to develop new drugs after it acquired Beecham in 1989, while Sir Richard made his mark by cutting costs aggressively after Glaxo purchased Wellcome in 1995.

Analysts also suggested a possible disagreement over succession, with Jean-Pierre Giesse, SmithKline's head of pharmaceuticals, and Robert Ingram, Glaxo's chief executive, potentially in line to succeed Mr. Leschly.

The breakdown also suggested that SmithKline may face more-urgent pressure from patent expirations than it has previously acknowledged. The U.S. patent on the company's top antibiotic, Augmentin, which had sales of £925 million last year, will not expire until 2002, but a generic alternative is set to hit the European market this year, said Robin Gilbert, an analyst at the London brokerage Panmure Gordon.

Whatever the reasons, the failure of the merger discussions will focus fresh attention on both companies' struggles to maintain the double-digit earnings growth to which investors have become accustomed.

Given those pressures, many analysts say, it will not be long before mergers are back on the agenda.

"I don't believe for a moment that the consolidation process is over," Mr. Aldersley said.

The French Bask in UN Leader's Tour de Force

By Anne Swardson
Washington Post Service

PARIS — They even provided the plane that flew him to Baghdad. So on Tuesday, Kofi Annan's success in resolving the Iraqi crisis was hailed here as a success for the French.

In the West, France was one of the strongest proponents of pushing to the last moment for a peaceful way to persuade Saddam Hussein to allow the resumption of UN weapons inspections. The government dispatched envoys, lobbied other world leaders, harangued U.S. officials,

offered multiple compromises and agitated early for a UN role.

While praising Mr. Annan and the international community for reaching the accord that has forestalled U.S. military action against Iraq, the French also patted themselves on the back for the agreement the secretary-general reached with Mr. Saddam.

"If there had been only threats without acceptable diplomatic proposals," Foreign Minister Hubert Vedrine said Tuesday, "it would not have succeeded. And if there had been only proposals without threats it would not have succeeded."

As Alain Peyrefitte wrote in Le Figaro, France "showed that the best partners of the United States are those who know how to stand up to it."

"Discreetly, without ever putting President Clinton in difficulty, it contributed in helping him avoid a terrible faux pas, in holding the diplomatic option open," he wrote.

Thierry de Montbrial, director of the French Institute for International Relations, likened the role of France to that of a marriage counselor. "I think the role of France and others was to offer a way out," he said. "When you are in a situation where

neither side's option is good, you sometimes need another way."

To a Western diplomat in Paris, France deserved credit, but its success also means that it must assume some of the burden for what follows. If the accord "was a success to the point where the French get credit for it, they will have a special responsibility in making sure it stays on track in the coming weeks," the diplomat said.

A spokeswoman for the Foreign Ministry said Tuesday that the Security Council should approve a tough warning to Saddam to comply or face "serious consequences."

IRAQ: Both UN and Baghdad Made Concessions to Reach Deal

Continued from Page 1

inspect these eight sites. Also to be worked out is how the Special Group can inspect these eight sites without providing advance notice to the Iraqis.

As one diplomat said, "The policy has always been no-notice. I wonder how this will be possible" if the inspection teams must now be composed of diplomats as well as weapons experts.

In addition, although the agreement states that all other areas will be subject to procedures already agreed on, many of those procedures have been disputed for months and some UN officials have said that they are no longer workable.

"It's basically a good agreement," said a foreign diplomat who has closely followed the dispute. "There are many good things in it. There are also some odd things."

Referring to the Special Group, a high-ranking Clinton administration official who has taken part in recent negotiations with Mr. Annan, said: "I don't think it's necessarily a rival bureaucracy. It depends on whether the group that does the inspecting is Unscm and the diplomats watch, or whether the diplomats inspect and the experts watch, and that's what we don't know."

"We will ask him a lot of challenging questions, obviously," the official added.

But some of the U.S. and UN officials most closely involved in the subject said unhappily that the new arrangement implicitly supported Iraqi charges that the existing Unscm panel cannot be trusted to do its work without a new layer of oversight.

They said they worried that Mr. Annan's apparent intention to give a new name to the expanded panel could create a bureaucratic rival to Unscm, as the present special panel is known, and its executive chairman, Richard Butler, an Australian diplomat.

"The questions one could ask are 'What is the role of the secretary-general, what are the roles of these characters, can you still do a no-notice inspection, do the inspections have to be approved in advance by any group, how large are the facilities these new procedures apply to, and are there new modalities to be approved on any of this?'" said one official who has monitored the weapons inspection program.

"The inclination is to think that UN inspectors' ability to do the job is not going to be favorably affected by this."

Among the important ambiguities of the accord, officials said, are the size and precise nature of the eight special sites.

A one-page annex that names them includes no maps and does not distinguish President Saddam Hussein's personal residences from the enormous compounds and buildings that surround them.

A top adviser to President Bill Clinton described the language on Iraq's sovereignty as "hortatory" and inconsequential.

"We're not going to spend a lot of time on exegesis of the text," the adviser added.

"What we're going to do is support getting the inspectors out there quickly and answering the question 'When they would test the Iraqi acquiescence by arguing that inspectors be sent to the disputed sites.'"

Another official, who said U.S. intelligence had forecast that Iraq would probably withhold compliance after the semi-annual renewal of Unscm's mandate in April, said Mr. Butler's inspectors "had better get out there quickly if they want to give the impression that they have gained from this and not lost."

UN: Annan Confident on Iraqi Accord

Continued from Page 1

operative attitude." The chief U.S. representative, Bill Richardson, expressed the Clinton administration's caution by calling the agreement a step in the right direction, but said it needed to be clarified and verified.

"We believe very strongly that it needs to be tested soon," Mr. Richardson said.

In Washington, Secretary of State Madeleine Albright also said that there were "questions and ambiguities" in the UN agreement with Iraq and that the United States would work to close "any loopholes."

In testimony before the Senate Foreign Relations Committee, as quoted by Reuters, she vowed that Mr. Saddam would not be allowed "to take us from crisis to crisis."

Mr. Annan said that the access promise would be tested "as quickly as possible."

The memorandum of understanding that he signed in Baghdad with Tariq Aziz, the deputy prime minister, commits Iraq to "cooperate fully" in allowing weapons inspectors "immediate, unconditional and unrestricted access" to sites suspected of harboring clandestine weapons program. In turn,

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BUSINESS TO e-BUSINESS: TELECOMMUNICATIONS

THE INTERNET CAUSES A SHIFT IN MIND SET FOR CARRIERS

The Internet offers telcos business opportunities beyond providing the pipes.

The business that is transforming the world is itself being transformed. The telecommunications industry has been affected by the rise of the Internet more than any other industry, because the Internet and telecommunications are inextricably interrelated.

Even before the Internet began to attract front-page attention, the once clubby world of public telecommunications operators (PTOs) was changing. "The old club of PTOs is dead," says John Matthews, a principal consultant at Ovum, Deregulation — and to a lesser extent privatization — have turned the industry into a free-for-all, where state-owned monopolies can no longer count on guaranteed markets. "These monopolies were cash cows for governments," notes Anne-Marie Roussel, research director for the Gartner Group. Now they must develop new sources of revenue and compete for customers.

Good and plenty Meanwhile, the markets themselves are getting bigger. According to the research firm DRI/McGraw Hill, the telecommunications industry will account for \$1 trillion in annual revenues within two years, and that is a conservative estimate. David Andrews, Andersen Consulting's worldwide managing partner in its Communications Industry Group, emphasizes that competition has created "an abundance model with lots of opportunity and lots of flexibility."

Michel Duponchel, IBM's director of solutions for the

telecommunications and media industries, Europe, Middle East and Africa (EMEA), points to a change in the PTOs' attitude. "The telcos have become business-minded. They have learned that it is possible to be partners in the morning and rivals in the afternoon."

Globalization is another factor hastening the pace of change in telecommunications. To create a global network, international alliances are needed to offer customers

a range of sophisticated communications services that cross borders seamlessly. These alliances are being built within the telecom industry itself and between telcos and information technology suppliers.

Changes in technology were transforming the industry well before 1993, when the first Internet browser appeared and the Internet soared into public awareness. Wireless, for example, "is the best thing that ever happened to the telecom industry, because wireless was born competitive," says David Cooperstein, an analyst in telecom strategies at Forrester Research. INs (intelligent networks), ATM (Asynchronous Transfer Mode) switching and ISDN

(Integrated Services Digital Network) are other technologies with long-term impact because of the speed and capabilities they add to communications networks.

Netheads and Bellheads But the impact of the Internet is qualitatively different. "The Internet may be about to challenge the very foundations of the telecommunications industry, both economic and technical," states the International Telecommunication Union (ITU) in its 1997 report. "Challenges to the Network: Telecoms and the Internet."

Other technologies developed from within the telecom club: the Internet juggernaut crashed into it from the outside. At first what the ITU dubs the Netheads weren't taken seriously by the establishment Bellheads. The Internet was seen as a toy or a threat, according to Mr. Duponchel.

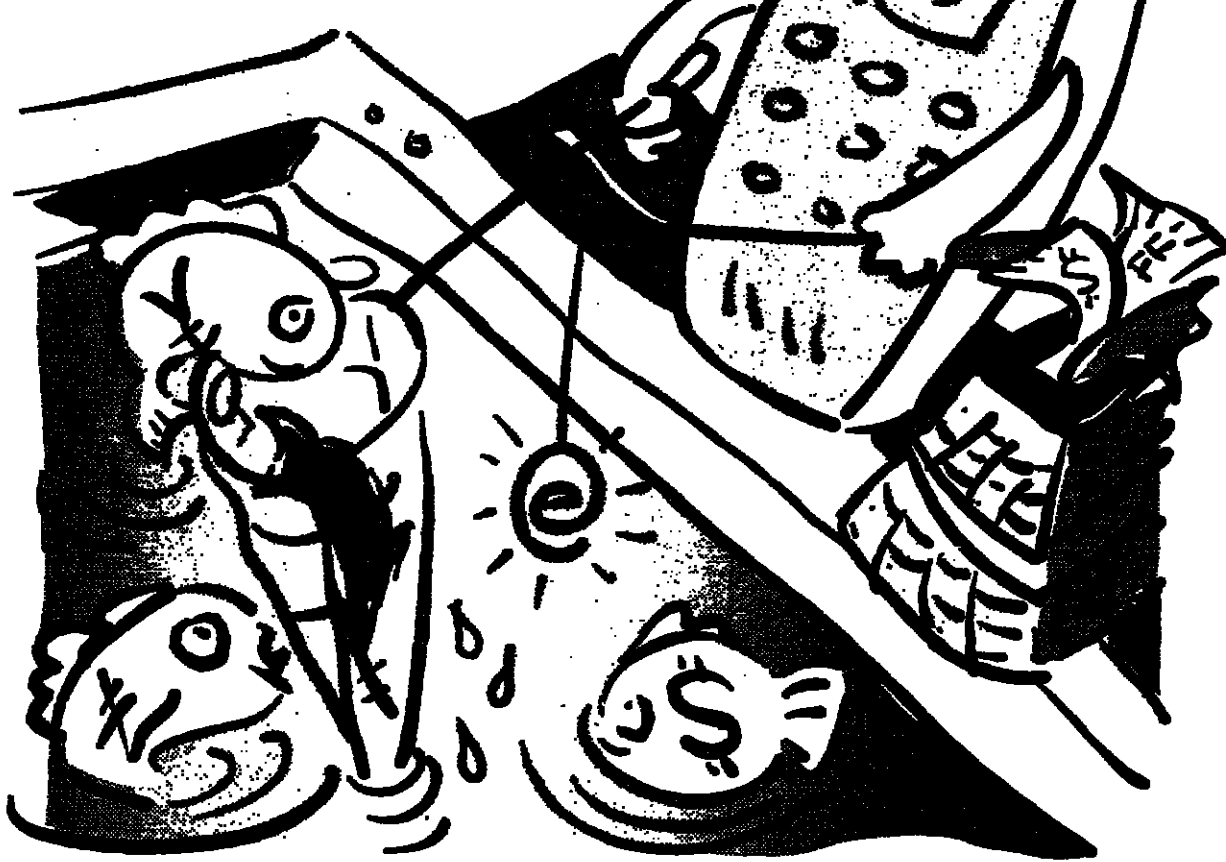
But today, the telcos see the Internet as a real business opportunity, says Christian Carou, a network-computing solutions manager at IBM.

According to the ITU, there were less than nine Internet users for every 100 main telephone lines at the beginning of 1997. By the year 2001, users will more than triple, to 30 per 100. In the United States, the number of households with a second phone line quintupled between 1988 and 1995 due to the demand for Internet access. Not only will market size increase, but demand for services, especially from businesses, will rise commensurately.

Businesses are seeking up-

Fishing for new Net profits

Unlike many other technologies that have contributed to the telecommunications revolution, the Internet juggernaut crashed into the business of traditional carriers from the outside. While the role of the big carriers was previously seen as mainly providing infrastructure, now telcos are embracing the Internet as a revenue opportunity, adding Internet-based services for corporations and individuals to their business.



grading access that ensures them security, quality and speed, says Ms. Roussel. And they are willing to pay more for this added value. Says IBM's Mr. Carou, "We are seeing demands for confidentiality, secure payments, dependability, real time and consistent class of service."

Helping businesses manage intranets and extranets,

customer service and billing, or e-business platforms are examples of the kind of added-value services that can bring new revenues to telcos.

Last spring, BellSouth announced a partnership with IBM that will give all BellSouth's customers access to Internet service from anywhere in the world.

Deutsche Telekom, which offers corporate intranets through its Internet-protocol platform, T-InterConnect, is expanding its range of services to business customers. In February, Deutsche Telekom launched the T-Mart portfolio, which includes business-communication and electronic-commerce solutions, secured payments using the SET (Secure Electronic Transaction) protocol and multimedia delivery for information and education applications.

"T-Mart will allow us to act as a full service provider not only in the traditional telecommunications sector but also in the growth markets of the Internet and multimedia," says Herbert May of Deutsche Telekom. In cooperation with IBM and leading financial institutions, will conduct an online-payments pilot project based on SET.

Even more ambitious is

Singapore's Intelligent Island project. The entire telecommunications infrastructure of Singapore is being redesigned to create multimedia reservoirs of information and services that will be available to all offices and homes through high-speed fiber-optic cables.

More modest proof of expanded business opportunity is the increased demand for ISDN — used for bandwidth-hungry multimedia transmissions — as a result of Internet penetration. Demand for leased lines is likewise increasing. Kokusai Denshin Denwa Co., or KDD, of Japan has greater capacity across the Pacific to the United States for Internet traffic than for voice traffic, reports the ITU.

Threat or opportunity? The Internet, in short, is more of an opportunity for the PTOs than a perceived threat.

"Telecom operators are in the business of making money from providing services electronically over networks," says Marc Boisseau, global wireline-segment manager for IBM's telecommunications unit. In the next stage of Internet development, many small "garage-shop" Internet Service Providers (ISPs) may be absorbed by telcos or go out of business. Explains

Mr. Duponchel of IBM: "The telcos offer telco quality, meaning, for example, that you get a dial tone immediately when you dial up for access. Garage shops can't guarantee that."

The telcos have a reputation for quality and will build on that, agrees Mr. Matthews of Ovum.

The engineering strength of telecommunications companies is undisputed, but their role in the networked world of the future is less clear. There are five basic roles in the telecommunications value chain — creation (providing content), packaging and storing, transportation, distribution and delivery — and the Internet is blurring all of them.

Most telcos are staying away from content because it is not seen as part of their

core business. But there are exceptions, such as print and electronic yellow- and white-page directories.

Some PTOs may feel comfortable with something akin to their historic role, providing transportation through their pipes. Mr. Matthews argues that their success will come from "being the most efficient, low-cost provider of pipes."

"But it's hard to make money this way," says Mr. Duponchel.

At the delivery end, branding becomes important to both businesses and consumers. Mr. Cooperstein of Forrester argues that branding and sales and advertising are not needed for pipes. But some PTOs that are competing as ISPs would disagree, and they are working with technology partners to provide value-added services with marketing appeal.

Shifting landscape As the telecom landscape shifts with each new seismic event — technological, economic, political — few predictions can be made without a crystal ball. "People are trying to pigeonhole the market, but it is too fluid and moving too fast for that," says Mr. Andrews of Andersen Consulting.

Both businesses and consumers can expect smaller telecommunications bills, says Ms. Roussel of Gartner.

Mr. Matthews says that corporations have already benefited from lower prices. "Choices about telecoms will be more complicated with more decision-making involved, especially for businesses," he adds.

Therefore, says IBM's Mr. Duponchel, "We propose solutions for all eventualities. Our business is not to develop telco strategy but to offer solutions and help our partners implement the ones best suited to their strategy."

The Bellheads and the Netheads will, of necessity, learn to coexist in a future "founded on the public telecommunications network," says the ITU.

It summarizes: "Perhaps the great strength of the Internet as we see it today is that no one planned quite how it ought to look. The very fact that no one could control its evolution, even if they wanted to, is the best safeguard we have as to its future evolution." ■

FOR MORE INFORMATION ON e-BUSINESS:

Contact IBM by e-mail at kbousquet@fr.ibm.com or by fax at +331.41.88.52.50. For examples of European e-business initiatives, consult <http://www.europe.ibm.com/nc/customer>. Look for the "Business to e-Business" series on the IHT Web site at <http://www.ihrt.com/IHT/SUP/ebiz.html>. The Web version of "Business to e-Business: Telecommunications" hotlinks the following key words to other relevant Web sites:

- Network computing • Internet Service Providers
- Electronic yellow pages • ATM • ISDN

INTERNATIONAL CALLS AT LOCAL PRICES

Transcontinental telephone calls for only a few U.S. cents? What might have been a user's pipe dream is becoming reality — and a possible nightmare for national carriers.

With Internet telephony, long-distance phone calls are routed digitally through the Internet at roughly the cost of a local phone call. This alters dramatically the current accounting-rate structure of international phone calls, which do not reflect actual costs.

Michel Duponchel, IBM's director of solutions for the telecommunications and media industries, Europe, Middle East and Africa, says that Internet telephony "will happen, and it will affect telco cost structures."

For now, telephone conversations through the Internet are

not generally of acceptable commercial quality. Information packets are not necessarily transmitted in real time or sequentially, so words and sentences can be lost, making "normal" conversation difficult. A variety of solutions are currently under development.

In the interim, Internet telephony can be done computer-to-computer today, provided both parties have the right equipment and software and are on-line simultaneously. The International Telecommunication Union (ITU) estimates that this market has "probably less than 10 million potential users, though it is growing."

The next step is Internet computer-to-telephone or computer-to-fax connections; although senders are limited to the same 10 million, the receiver market is 800 million.

Eventually, says the ITU, any telephone or fax will be able to connect to any other over the Internet, an open market of 800 million phone, fax and mobile users.

International Data Corp., a market-research firm, estimates that the Internet telephony market will have 1 million users by the end of 1999, with a market value of around \$560 million.

Still another consideration is rate determination. In a printed directory, ad space is sold at a flat rate. But the broadcasting-like nature of the Web suggested a different approach. Says Mr. Bardon, "We see the ad options as comparable to television, with the rates varying at different times and dates depending on the frequency of viewing."

IBM can incorporate connections to other services, such as news, consumer advice, catalogues, community bulletin boards, weather and horoscopes. These services are available to operators at marginal cost, and they encourage repeat visits and increased consultation.

But many small businesses hesitate to advertise electronically, because of their lack of technological knowledge. IBM's suite of MarketGate products helps both operators and small businesses take practical advantage of electronic yellow pages. MarketGate QuickSite uses a "wizard" that helps the advertiser create a Web-page ad using a WYSIWYG (what-you-see-is-what-you-get) approach. The process takes only a few minutes and requires no special technical or Internet knowledge.

In IBM's third generation of electronic yellow pages, currently being tested in Canada, a hot link to the advertiser will allow the user to call the local merchant. At the click of a mouse, the number will be automatically dialed.

Mr. Bardon is even more enthusiastic about the help icon, which connects the user directly with a live operator. The operator will be able to see exactly what the customer sees on the screen and will help the user in the navigation process.

LET YOUR KEYBOARD DO THE TALKING

Years ago, "let your fingers do the walking" was a slogan used in the United States to promote the use of the yellow pages.

Today, your fingers on a keyboard can do more in minutes than a researcher could do in hours with a conventional phone directory.

Electronic yellow pages can locate services by search parameters such as geographical area, heading and brand, just as conventional pages can. Electronic yellow pages are faster and more thorough for these basics and also offer advanced searches by key words or by geographical proximity ("what is close to?").

Other value-added options are being developed rapidly. Christian Bardon of IBM's telecommunications and media unit calls attention to a sophisticated directory now in use in Boca Raton, Florida.

Its features include chat rooms, a locator map (to show the user exactly how to find the store or service), video, coupons exclusive to the Internet and fax or e-mail forms to

send inquiries immediately from user to advertiser.

A market-pleasing directory can be a powerful differentiator between one phone service and another. A second consideration is the number of advertising options that can be sold on the directory. The more options, the more revenue for the operator.

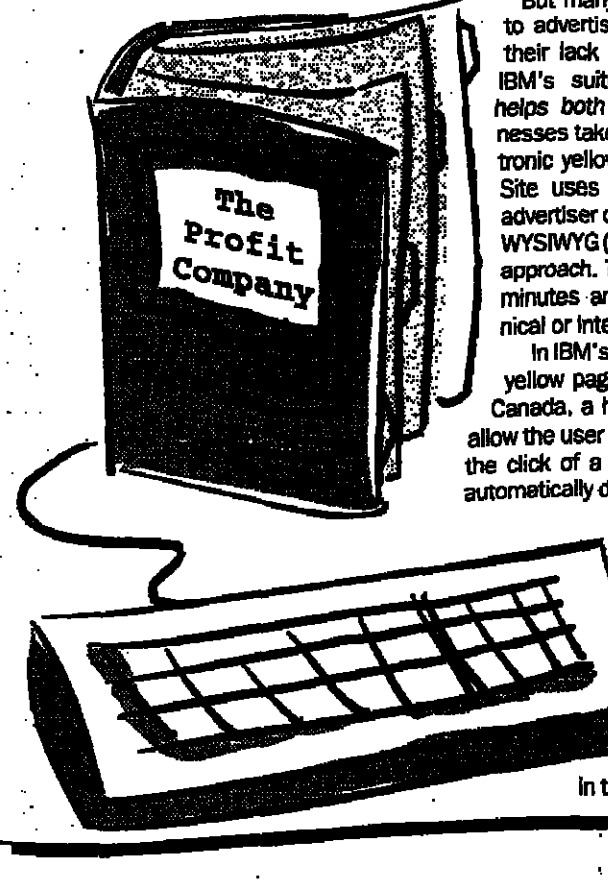
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PLANNING FOR GROWTH IN INTERNET-SERVICE USERS

How can speed and quality of service be improved while adding 45,000 subscribers a month?

A major challenge for Internet Service Providers (ISPs) is planning for growth in a context where six-month-old assumptions already seem antiquated. The pace of technological change is rapid, as is the rate of Internet growth itself (103 percent per year for the past decade).

Outside of the United States, some of the biggest ISPs are former or continuing state monopolies, the Public Telecommunication Operators (PTOs). Many argue that the PTOs have been slow to respond to the rise of the Internet.

But the learning curve seems to be shortening, and many PTOs are moving to exploit the market-expanding

potential of the Internet. If the sheer size of many PTOs may be a factor in their initially slow response to the Internet, it may also be an advantage. The International Telecommunication Union, in its report on "Challenges to the Network: Telecoms and the Internet," published last September, noted, "If they wanted to, the PTOs of the world could probably buy out every Internet Service Provider without noticing much of a hole in their company accounts." Some are starting to do just that.

Others have opted to become providers themselves, and the biggest in Europe is Deutsche Telekom. Until the WorldCom-America Online-CompuServe transaction last

autumn, Deutsche Telekom's T-Online Service was the biggest provider of on-line services on the Continent. It currently has 1.9 million subscribers and added 45,000 new subscribers per month last year, 40 percent more than in 1996.

Deutsche Telekom wanted to be able to handle this growth without sacrificing quality of service. It was looking for speed (to improve customer satisfaction), scalability (to meet special needs and forecast savings) and savings (to justify its investment).

The distributed Internet architecture partly implemented by IBM has achieved all these objectives.

Instead of one platform location, as in the pre-existing

solution, IBM proposed a central site and 13 regional centers for platform servers. According to Mr. Demuth, this configuration, closer to subscribers (who access from 220 dial-in locations across Germany), has resulted in qualitative improvement, both in speed and reliability of connections.

Traffic is up Customers have reacted favorably by increasing their usage. In December, the number of sessions reached a new high of 52 million. The total number of sessions in 1997 approached half a billion, an increase of 60 percent over the previous year.

T-Online boss Wolfgang Keuntje says the main driving force behind the growth was the new 2.0 version of the T-Online software: "The new network access has achieved a high level of acceptance among our customers. With its high transmission rates, it has generated an explosion in usage time. In the short time since distribution of the new software in July, usage has grown by 40 percent."

More than 350,000 new customers joined the service in the second half of 1997.

Deutsche Telekom plans to increase the number of centers this year to maintain standards. At the same time, Deutsche Telekom is realizing savings by storing (or "caching") technical information locally and thus avoiding having to route to the United States for Internet inquiries.

Another advantage of distributed architecture is remote management. New features or improvements to the service can be handled remotely, rather than by sending technicians to each regional center to install software. If power at one of the centers needs to be disconnected for technical reasons, this can also be done from the central site. Remote management improves quality of service for clients and ensures lower costs for the ISP.

Deutsche Telekom chose this type of architecture because of the size and volume of the German market, explains Mr. Demuth. It has advantages for smaller countries like Switzerland or Belgium as well, because of regional language variations, which can be handled by appropriately configured regional centers. ■

"BUSINESS TO e-BUSINESS: TELECOMMUNICATIONS" is the sixth page in a series that addresses the impact of electronic business on various industries. It is an IHT/IBM initiative sponsored by IBM and produced by the IHT Advertising/Supplements Department. WRITER: Claudia Flisi, based in the South of France. ILLUSTRATIONS: Karen Shekter-Wilson. PROGRAM DIRECTOR: Bill Muhler.

INTERNATIONAL HERALD TRIBUNE

IBM

In Binche, the Walloons Take Fat Tuesday Seriously



The residents of Binche spend months working on their masks.

By Barry James
International Herald Tribune

BINCHE, Belgium — In towns and villages in much of Europe, people dressed up in masks and costumes and bid "farewell to meat" this week, keeping up ancient carnival traditions in the face of rising modernity.

Few places have dedicated so much time and effort to celebrating carnival as Binche in the Walloon region of southern Belgium. Much of the town spent the past several months stitching together elaborate costumes and headpieces, that were seen for the first time on Tuesday. They will be rented out in subsequent years to other carnivals.

So seriously is the subject taken here that the town has established a museum of carnivals and masks that matches entertainment with serious anthropological and ethnological research.

Its director, the historian Michel Revelard and his wife, Guergana Kostadinova, have just co-authored a book on traditional masks and costumes in Europe. The book accompanies an exhibition on the subject at the Walonia-Brussels Center in Paris.

They observe that men have been wearing costumes and masks since the dawn of time. Prehistoric cave paintings show human hunters disguised as an-

imals. Anthropologists argue whether this was because the hunters wanted to acquire the magic powers of the animals, or because they stood a better chance of getting close to their game.

No one knows why Binche became such a serious carnival town. As in other parts of Europe, people here have probably always marked the end of winter with pagan rites, Revelard said. However, historians note that in 1549, Mary of Hungary organized a dazzling reception in the town in honor of her brother, the emperor Charles V and his son, Philip II of Spain, who came accompanied by the flower of the Spanish court. It was such a lavish party that even today in Spain if you want to describe something as special, you can say it is "better than the fiestas of Binche."

It was perhaps that party, some historians believe, that gave the town its taste for spectacle. One theory is that the 16th-century revelers brought with them exotic costumes and perhaps Indians from the New World. Today, the costumed revelers of Binche wear towering head-dresses of ostrich feathers that are said to resemble ornaments worn by the Incas, and they hand out baskets of oranges that also hint at a Hispanic origin.

The revelers, about 1,000 of them organized in 10 societies, are called Gilles — after a character in the French version of the commedia dell'arte. To

join one of the societies, you must have been born in the town, or have spent a long time here, not because of exclusivity, Revelard said, but because the carnival is such a strong element of civic identity and pride. It distinguishes the town in a region suffering sharp economic recession with the loss of heavy industry, and high unemployment. Binche used to be known for manufacturing high-quality men's suits, but that industry has collapsed as well, and the art of fine needlework is seen today mostly in the ornate carnival costumes.

FAT Tuesday for the Gilles is the culmination of weeks of rehearsals and festivities, including three carnival balls, divided like almost everything else in Belgium into Catholic, Liberal and Socialist. The day, which for most participants lasts until shortly before dawn Wednesday, is strenuous. The Gilles march around a lot to the sound of brass and wind bands playing tunes from the 18th century. And for part of the day they don identical and slightly sinister masks based on the idea of a bourgeois gentleman at the time of Napoleon III.

The masks, which the town's picture framer makes of fabric and wax, are particular to Binche and are never sold to the public. The Roman Catholic Church has always opposed masked satanalia

as a devilish throwback to pagan times, but brought the celebrations under theological control as a final fling before the 40 days of Lenten fasting. (The word carnival comes from the old Italian *carnelevare* — or, literally, removal of meat). So it is mostly in strongly Catholic countries — or cities, like New Orleans — that the carnival tradition persists. But in Binche, the celebrations have nothing to do with the church, although Revelard said that for many participants they have a strong spiritual and mystical element.

As people lose contact with the seasons and the cycle of death and renewal in nature, Revelard said, the carnival tradition slowly loses its hold. Or it becomes an excuse for a fancy-dress party with latex masks bought from novelty stores.

Revelard said he doubted that the Binche carnival would fade away as a colorful and ultimately meaningless tourist attraction. "Tourists have been coming here for 100 years and they have not killed the carnival," he said.

He added that the festival was more in danger from "fundamentalists" who want to keep every detail just as it is, and surround the carnival with too many regulations. Like any good carnival, he said, the one at Binche "exists despite modernity, or sometimes as a challenge to modernity."

On Theater's Edge: The Past Is Future

By Katherine Knorr
International Herald Tribune

PARIS — Some of the most imaginative French theater in the last 20 years has taken place away from the theatrical center of Paris, at its edge, artistically and sometimes also geographically.

The idea of the edge is more accurate than the over-used idea of the avant-garde, which trades on the outrageous, the obscene, the ugly, often without any other ideas. The best contemporary theater is not afraid to look backward, to believe in the sublime, to ask the oldest questions.

Among these theaters, Ariane Mnouchkine's near the Chateau de Vincennes and Peter Brook's at the Bouffes du Nord are internationally renowned. Now a small theater company on the eastern edge of the city, not far from the sinister-looking new national library, has begun an ambitious Greek cycle called "The Blood of the House of Labdacus," for which it emphatically deserves to be called one of Paris's most interesting theaters.

In a warehouse that once held supplies of the national train company, with only seven eclectic and multitalented actors-singers, the Theatre du Lierre, founded in 1980 by Farid Paya, has just premiered the first two plays of a four-part Sophocles cycle with a twist.

The twist is that Paya himself wrote the first play, "Laios," the what-went-for "Oedipus Rex," in which Jocasta wakes from a terrifying, pestilential dream as the Sphinx is destroying Thebes. "Laios" tells how Oedipus was left for dead as a baby, and shows the great bitterness that has come between the two parents since Laios listened to the oracle and preferred, as Jocasta puts it, his own life to his son's.

These haunting performances are a mixture of verse, dance and polyphonic chants, on a stage that is spare but not that awful word — minimalist. The colorful and nationally undefinable costumes — they seem by turn Japanese, Russian, Chinese, Gypsy, American Indian — combined with music formed from the words of no known language (and so, perhaps, of all) make this staging truly "world art," in the best sense.

"I have the advantage of having two cultures that are extremely mixed," said Paya, who was born in Iran of an Iranian father and a French mother, and studied in France in the 1970s (he has, oddly, an engineering degree). "Because France is after all a country of great immigration, despite what Mr. Le Pen has said, and Iran also is a country that is extremely diverse."

Paya, in his emphasis on the multiple

talents of the actors, and particularly on the work of the body — something that has gotten lost in all the goofball adaptations of the classics to reflect modern anomie — is deeply interested in traditional music and dance from around the world. "Iranian theater is still very much sung," he said.

"In the beginning, getting actors to sing, the point was not really that they have lyric voices. We tried to look at the whole world, to look at the musical heritage. There are a lot of musics with an oral tradition that use timbre and voice placement very different from bel canto, and those voices are closer to theater."

"Traditional musics are tied to specific events — a funeral, or work. There is always a human event that justifies that music. So we look for ethnic music, and through the theater we create the events."

In the "Oedipus" cycle, the events, of course, are a universally known story, the darkness that befalls a civilization through one cursed family. The dark stage, with its little fire and its modest, trickling fountain, the dramatic face and body makeup of the actors, their feathers and beads and the sudden changes of mood, like weather, make this extremely powerful theater.

ALL the performances are notable, with Jean-Yves Penafiel playing Laios and Oedipus with the despair and madness of impotent tyranny and Valerie Coues-Sibiri a tragic, god-defying but also coquettish Jocasta. Aloual is a very funky Tiresias, and Bruno Ouzeau an ambiguous Creon, sleazy and yet, after all, telling the truth. Antonia Bosco, Jean-Louis Cassarino and David Weiss round out this strong cast, and Bosco's very pure voice sets the tone. The music is by Michel Musseau, the costumes by Evelynne Guillin.

The Theatre du Lierre is part of a reaction to trends since the 1960s that tried to make the classics "relevant" and ended up making them meaningless. "I find French theater — it's a tough thing to say — there is a lot of dead theater," said Paya. "Something had happened during the 1970s and '80s: The actors were reduced by the stage directors. We had the reign of the director, great light and scenery effects, and next to that actors who were there to boost the image of the director. It is the actor who is the real conduit for the emo-



Aloual in Theatre du Lierre's "Oedipus Rex."

tion and energy of the theater. A stage director sets the stage for an actor.

"I believe the beauty of the staging is only justified if the actors are good, that is, if they are strong. And that is something that has been sacrificed, and there has been a loss of acting skills. The happiness of the audience is tied to that of the actor. That is the humanity of the theater."

Traveling abroad has allowed the company to see how far what Paya calls the "alchemy" of theater, dance and music can communicate across language barriers. "We have staged performances where the story was told entirely with the music, so we were able easily to go to non-Francophone countries. But even with text, when the visual and the musical are important we have been able to travel because when you do tragedy the story is well-known. We found that the body could substitute for language."

In writing his "Laios," Paya created characters and invented an interior life for Laios (son of Labdacus) that makes him deeper, more fragile than one would expect. He wanted not to go all the way to "the origin of the curse, not to say that it was original sin, because that's Judeo-Christian and the Greeks weren't and I don't feel particularly Judeo-Christian." Rather, he wanted to show "that man always has problems and a need to search — and this great self-searching by Laios, who loses everything, who goes to his death knowing what will happen. I thought it was a good idea, this courage, this solitude."

"Le Sang des Labdacides," "Laios" and "Oedipus Rex" through May 3, followed next season by "Oedipus at Colonus" and "Antigone." Theatre du Lierre, 22 rue du Chevaleret, Paris 13, tel: 01-45-86-55-83.

The Great Pianists, Alive on Film

By David Stevens
International Herald Tribune

PARIS — Addicts of the piano, its literature and its practitioners — from exalted to eccentric — are unlikely soon to have a better chance to compare notes than during the extensive showing of films of pianists that make up the bulk of the "Classique en Images" festival, at the Louvre until March 16.

If there is a star of this series it is Sviatoslav Richter, the great Russian pianist who died last year at the age of 82. During the last two years of his life he collaborated with Bruno Monsiegeon on a 155-minute documentary of his life and art. Besides that there is also an all-Richter program drawn from Soviet and other archives.

The Louvre's program is titled "Great Pianists of the 20th Century" for the obvious reason that it has been only in this century that film and sound have been effectively combined. Nonetheless, the Louvre program includes two silent curiosities, combined with piano rolls made by the pianists involved.

One is of Vladimir de Pachmann (1848-1933), who owes his pages in piano history more to his eccentricities, like chatting with members of the audience, than to any of the recordings he made late in life. One critic labeled him a "Chopinizer," and George Bernard Shaw once reported that de Pachmann "gave his well-known pantomimic performance, with accompaniments by Chopin."

The other is Francis Plante (1839-1934), born 10 years before Chopin's death, who is shown in a brief 1928 documentary made at his home in southern France, during which he is shown attacking the instrument with astonishing vigor in a Chopin etude.



Vladimir de Pachmann, known more for eccentricities than recordings.

On the same program are glimpses of Josef Hofmann playing Rachmaninoff, Percy Grainger playing his own pieces, and Ignacy Jan Paderewski in an excerpt from a 1936 British film called "Moonlight Sonata."

Paderewski reappears, from the same film and playing the sonata of the title, in the day (March 7) devoted to Beethoven. The stunning array of artists assembled for Beethoven begins with Harold Bauer and the violinist Mischa Elman in an excerpt from the "Kreutzer" sonata, includes Emil Gilels, Arturo Benedetti Michelangeli, Solomon, Wilhelm Backhaus, the too-little-known Hungarian Annie Fischer, Glenn Gould and Richter, as well as a number of pianists still on the scene.

Two programs of French pianists offer, among other items, Alfred Cortot and Yvonne Lefebvre in their roles as

teachers as well as performers, and Jacques Fevrier, a friend and interpreter of just about every well-known French composer of this century and an indefatigable raconteur as well.

Christian Labrande, the artistic director of the program, has searched archives all over Europe and America and these films are unlikely to be brought together again soon, except that some of the Paris program will be seen next year at Lincoln Center in New York.

Aside from the sound documents, Richter's life is richly recorded, literally from cradle to the final year of his life, in an exhibition of photographs in the Auditorium foyer. Most of them come from family sources, several were taken by Jacques Leiser, his impresario in the West for many years, and there is a type-casting oddity from a Soviet film in which the pianist portrayed Liszt.

The Master of Time Games in 'Naked'

By Sheridan Morley
International Herald Tribune

LONDON — At a time when fringe theaters all over London are fighting for their lives, the Almeida in Islington goes from strength to strength. Like some infinitely trendy wine bar, it is the place audiences go to check out each other as well as the stars, and the management has cannily allied itself to the movies, the entertainment of choice for their particular crowd.

Thus we've recently had Ralph Fiennes and Liam Neeson up there, and later this season we get Rupert Graves, Kevin Spacey, Tom Hollander and as many stars as you can catch on a good Oscar night. The current guest star is Juliette Binoche, making her London stage debut as the mysterious nanny whose child charge has just died in mysterious circumstances; not a bad forecast, for a play written in 1922, of recent events in Boston. But Pirandello was always expert at time games, and a wonderfully strong character cast brings his "Naked" to life in Jonathan Kent's characteristically subtle production.

True, Binoche lacks on stage much of her movie charisma and will probably never do anything better in her career than the moment in "The English Patient" when she is flown up to view those amazing frescoes, a Peter Pan brought suddenly face to face with great art. "Naked" is an essentially feminist drama before its time, about how four very different men try to use Binoche for their various romantic or professional purposes, and the show is stolen by Oliver Ford-Davies as the wonderfully ramshackle old novelist trying to turn the Binoche experience into a novel, only having his plot dynamited every time another suitor crashes through the door.

It might have been generous for the translator, Nicholas Wright, and the Almeida to acknowledge a pioneering translation of "Naked" back in the 1960s by the actress Diane Cilento, who also played it, but that to the Almeida



Alex Jennings in RSC's "Much Ado About Nothing."

crowd is doubtless already prehistory. Yet again they have given us the most chic revival in town; start lining up now, or await the inevitable transfer.

Talking of transfers, it has taken 16 months for the "Much Ado About Nothing" that opened at the Barbican this week to make the long journey in from Stratford, so weird is the current Royal Shakespeare Company scheduling policy, and though the cast remains intact, Michael Boyd's production resolutely refuses to sparkle. Sure it is intelligent, and in the comic Christopher

Loscombe we have the best Dogberry I have ever seen, an unusually eager-to-please night watchman forever tying himself in verbal and physical knots as he ransacks his tiny mind for just the wrong thing to say and do. But in the principal roles neither Alex Jennings nor Siobhan Redmond convey any sense of a real, albeit suppressed, sexual passion, while, with one or two exceptions, the RSC casting is, as usual nowadays, woefully uncharismatic and well under par. Even after 16 months, nobody here seems to have worked out quite what they want to do with an always subversive comedy.

Better RSC news however at the

Young Vic, where the company has found a better space for Stratford transfers, or at least those from the Swan. Indeed if it could just take over the Old Vic for main-stage shows, there's a vague hope that the company might at last retrieve some of its old London identity.

The first show in from Stratford to the Young Vic is Gregory Doran's glittering "Henry VIII," somewhat optimistically subtitled "All Is True," which it patently wasn't, in the light of Shakespeare's eagerness to please his royal mistress with a somewhat glamorized account of her birth. It is a play he may have collaborated on with John Fletcher, and there's an odd mix of pageant and Jacobean revenge drama.

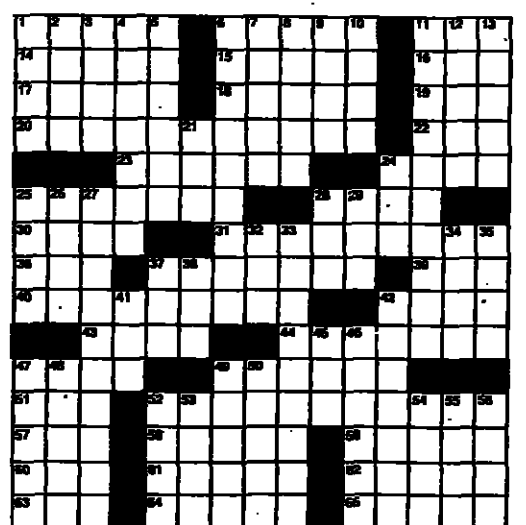
In Doran, the RSC has at last found a young director unafraid of the epic moment, and his production opens in a literal blaze of golden glory as Henry and his Queen (Paul Jesson and Jane Lapotina) move forward on a kind of floating stage that might come in useful as a centerpiece for the Millennium Dome if we ever manage to get one up. When they set off the fireworks on the original 1613 opening night, they also managed to set fire to the great Globe itself. No such risks are taken here, but this is nevertheless a spectacularly assured production. When it gets into the right space, the RSC can still sometimes recapture its old confidence.

And finally, with London opera in meltdown from the Coliseum to Covent Garden, the commercial producer Raymond Gubbay with no subsidy of any kind has come up with an Albert Hall "Madame Butterfly." Set in the round on a water-garden stage, David Freeman's truly stunning production brings home the full power of Puccini, with the BBC Concert Orchestra and a magnificent cast, led by Nancy Yuen, heart-breaking geisha and John Upjohn's Pinkerton. You have only until the end of this week to catch "Butterfly" before she flies on to Birmingham.

CROSSWORD

- ACROSS**
- 1 Start of many instructions
 - 6 Important Phoenician city
 - 11 Letters from 12-Down
 - 14 Carlo Levi's "Christ Stopped at..."
 - 15 Penned
 - 16 80's White House nickname
 - 17 Month after Adar
 - 18 Keep an — the ground
 - 19 Literary elfo
 - 20 Emergency food of Operation Overlord?
 - 22 Pup's cry
 - 23 Overjoys
 - 24 They may have a crush on you
 - 25 College conferrals
 - 26 — she blows!
 - 27 They may be slippery
 - 28 Taboo
 - 29 — mode
 - 30 Michael Caine spy movie
 - 31 Tuck's partner
 - 32 Writer's joy
 - 33 Downy take alternative
 - 34 Kind of flea or dollar
 - 35 Astronomical phenomenon
 - 37 United rival
 - 38 Sugarcoat
 - 39 With 63-Across, comics girlfriend
 - 40 "Ball —"
 - 41 Worn away
 - 42 Zaragoza sir
 - 43 See 59-Across
 - 44 Resided
 - 45 Paradise
 - 46 Director Premierer
 - 47 Broadway blinker
 - 48 Do a post-Challenger diagnosis
 - 49 Ancient Greek colony
 - 50 Losses control
 - 51 "Norma —"
 - 52 "Kapow!"
 - 53 Refusing to listen
 - 54 Actress Raines
 - 55 F.B.I. agent's communication
 - 56 Mom's offering
 - 57 Hasten
 - 58 Envolement
 - 59 Heavens
 - 60 Andrews of "The Mod Squad"
 - 61 "Fit"
 - 62 TV's Matlock
 - 63 Inc., overseas
 - 64 Vegas opener
 - 65 Licensed
 - 66 Sourdough's find
 - 67 Of no use
 - 68 Straight: Prefix
 - 69 "Nothing —"
 - 70 Jeopardy
 - 71 Eye color
 - 72 Live sharp cheese

- DOWN**
- 1 Ward (off)
 - 2 Kin of op. et.
 - 3 Parks of civil rights
 - 4 Hit men
 - 5 Crystal chandelier sound
 - 6 Endure apprehensively
 - 7 More than miffed
 - 8 Day of "Pillow Talk"
 - 9 11 may be fatal
 - 10 One from Harroway
 - 11 "Luck" stream, to Thomas Gray
 - 12 Sartre's seas



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Solution to Puzzle of Feb. 24

20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72
20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72



WEDNESDAY, FEBRUARY 25, 1998

PAGE 13



Gerard Mestrallet, right, at the news conference announcing the Suez Lyonnaise merger. At left was Jerome Monod of Lyonnaise des Eaux.

Big Challenge Ahead for Suez Lyonnaise Chief

By Susannah Patton
Special to the Herald Tribune

PARIS — As Belgians rallied against the French carmaker Renault's plan to close its manufacturing plant in Vilvoorde last spring, one Frenchman was receiving a top civic award in Brussels.

For Gerard Mestrallet, chief executive of the newly merged Suez Lyonnaise des Eaux SA, the stamp of approval came after his four years at the helm of the troubled Suez subsidiary Societe Generale de Belgique and marked his contribution to friendly business relations between France and its northern neighbor.

Those who have watched Mr. Mestrallet climb to the top of the French business world say the Belgian award highlighted his ability to balance corporate demands and national sensitivities, a skill seemingly lacking at the top of Renault during the pullout from its Vilvoorde plant.

"Mestrallet is not the arrogant tech-

ocrat that France is so good at producing," said Elie Cohen, a French academic economist. "In Belgium, he showed his ability to listen to others and to analyze the situation with subtlety and discretion."

Mr. Mestrallet, 48, still appreciates a good Belgian beer, but he is back in

international expansion places him in the fore of utilities reorganization across Europe, analysts say, where saturated local markets are forcing companies to expand abroad.

Many analysts praise Mr. Mestrallet, who belongs to a group of younger French managers with international am-

Suez Canal, and Lyonnaise des Eaux, a water utility, merged after a brief courtship period. The deal had been rumored for the previous two years, but Mr. Mestrallet's predecessor at Suez had been unable to close the deal.

Since then, Mr. Mestrallet has outlined a plan of action and forged ahead, signing lucrative water deals and building the company's presence in energy and waste management, two areas of enormous potential growth. He has scaled back the company's ambitions in telecommunications, and hinted at future sales of financial assets. And he has made it clear he wants to make even more radical changes.

"The era of large, diversified holding companies like Cie. Financiere de Paris, the Cie. Financiere de Suez and Navigation Mixte is completely finished," Mr. Mestrallet said in a recent interview. "I am happy to say that the merger ends the saga for Suez, which became a holding company with the

See SUEZ, Page 17

J.P. Morgan Firing 700 To Slow Growth of Costs

5% of Bank's Employees to Be Affected

Compiled by Our Staff From Dispatches

NEW YORK — J.P. Morgan & Co. plans to dismiss about 700 people, or 5 percent of its employees, to rein in costs that the company says have been growing faster than revenue.

The cuts, which a company spokesman confirmed late Monday, come after the bank has built its securities business by hiring expensive Wall Street talent. The layoffs will be made throughout the company, the spokesman said.

In a four-page memo to employees, Douglas Warner, chairman and chief executive of the fourth-largest U.S. bank, said the company must slow the growth of its costs.

"Our rate of expense growth has exceeded revenue growth in three of the past four years," Mr. Warner said in the memo.

Last month, Morgan said that its fourth-quarter earnings tumbled 35 percent, to \$271 million from \$419 million, as the Asian economic turmoil and other factors eroded profit.

J.P. Morgan's debt ratings were put under review for a possible downgrade this year by Moody's Investors Service Inc. and Standard & Poor's Corp. because of the bank's exposure to weakening Asian economies.

The cuts would make Morgan the third major U.S. bank to undertake major job reductions in recent months. Chase Manhattan Corp., the nation's largest bank, and Citicorp, the No. 2, have announced similar reductions.

This will be the third round of cutbacks at Morgan in the last decade. It cut its staff by 5 percent in 1995 and 10 percent in 1989.

Joseph Evangelisti, a spokesman for J.P. Morgan, said the cuts were being made across the board and were designed to "make us more competitive and get our costs down."

He said the job cuts would take place over the next few weeks.

Investors said the cuts were an effort by J.P. Morgan to show stockholders that the bank was prepared to improve its earnings.

"This is the kind of move and activity that is a positive for earnings," said Tony Spore, chairman of Spore Kaplan Biscel & Associates.

J.P. Morgan's shares rose \$3.75 to close at \$116.0625.

Morgan has been trying for years to transform itself from being simply a lender into a major securities firm. But its stock-price growth has trailed those of most major banks.

Several weeks ago, traders said that Deutsche Bank AG was rumored to be considering a bid for Morgan.

Morgan, which has banking relationships with high-level government officials and private executives around the world, is among the first commercial banks to try to compete in the securities business against such investment banks as Goldman, Sachs & Co. and Merrill Lynch & Co.

Morgan has been building the business of underwriting stocks and bonds over the last 10 years or so. Its efforts have landed the bank some high profile business, including Gillette Co.'s sale of 10 million shares in the first quarter. They have also been costly.

The bank's revenue increased 5.3 percent in 1997, to \$7.22 billion, while operating expenses increased 12 percent to \$5.07 billion.

"The bank gets A-plus for strategic planning and execution and F for enhancing shareholder value," said George Salem, a bank analyst at Gerard, Klauer, Mattison & Co.

Analysts said the decision to cut costs was long overdue.

"Over the last several years, the focus has been more on building businesses and growing market share," Mr. Salem said. "This shows that they finally succumbed to the necessity of enhancing shareholder value as a No. 1 objective of management."

The analyst, who rates the company a "weak hold," added that he might reconsider his rating in light of the job cuts.

First Union Cutting Back

First Union Corp. said Tuesday that it would close 172 branches in the Philadelphia area and cut 4,405 jobs after it completed its acquisition of CoreStates Financial Corp. Bloomberg News reported.

First Union's president, John George, said the bank expected to cut 7,480 jobs and add 3,075 jobs in the region.

Across Pennsylvania, New Jersey and Delaware, First Union will close about 17 percent of its branches.

Avon and Others Keeping It Personal

Direct Sellers Largely Eschew the Stampede to Sell Products via Internet

By Lisa Napoli
New York Times Service

NEW YORK — At a virtual Tupperware party, no coffee is served and there are no demonstrations of the product's notorious "bump" when properly sealed or how the cheese plane doubles as an eggplant peeler. But Regina Baker says her modern interpretation of that well-known American sales gathering is an effective substitute.

"Not everybody has time to go to a party," Ms. Baker said, which is why she built a site on the World Wide Web two years ago to sell her plastic products. The site accounts for 60 percent of her revenue, she said, and 80 percent of her customer base, which has grown to include buyers in Japan, Singapore, the Netherlands and Germany — markets far beyond the reach of a living-room gathering near her home in Houston.

But by selling over the Internet, Ms. Baker is violating the policies of Tupperware Corp. The company forbids its self-employed sales consultants — about 1 million of them worldwide — from building Web sites to sell its products, and a year ago it amended the contracts of new consultants to reflect the prohibition. Since then, warning letters have been sent to site operators, and the 100 Tupperware sites have reportedly dropped to a renegade handful.

"The Internet is an information source, not a sales source," said Karen Hall, a company spokeswoman, said. "We see it as a wonderful way to edu-

cate people. The Internet doesn't provide the kind of service we see as beneficial to the consumer."

The traditional Tupperware party, Ms. Hall said, connects the customer to the product in an essential way: "At a party, you see more, feel it, understand it."

Though electronic commerce is widely promoted as the Holy Grail of the Internet and the next wave of retailing, Tupperware is not alone in swimming against the tide. Other direct-sales businesses, including Amway Corp., the cosmetics company Mary Kay Corp. and the vacuum cleaner company Electrolux AB have all shunned the notion of selling directly to consumers on-line, though each has built a Web presence for educating customers, enhancing brands and recruiting salespeople.

Several others, including Avon Products Inc. and Fuller Brush Co., a unit of CPAC Inc., are offering their products for sale on-line but say the move is an appeal to the wired generation and does not mean they are dropping the notion of face-to-face selling.

Mary Kay has developed a comprehensive approach: For a small fee, it helps its sales force by building individual Web pages on its central computer. To date, 10,000 sales associates in the United States have signed up for the program. But sales are not allowed.

"We wanted to maintain a consistent branding of Mary Kay on the Internet, but this allows them to publicize their independent businesses," said Karen Dodge, a spokeswoman for the Dallas-based company.

Among the companies that have been the chief U.S. direct sellers, only Encyclopaedia Britannica Inc. has abandoned direct sales, shifting 18 months ago to phone and on-line sales bolstered by advertising.

Even in a harried, increasingly digital age, face-to-face selling outside a retail environment with product demonstrations has experienced slow but steady growth. According to the Direct Selling Association, an industry group in Washington, sales of products sold in this manner, from baskets to vitamins to small appliances, added up to \$20.84 billion in 1996, an increase of 6 percent since 1992.

Those numbers reflect the need for customer education and personal service in selling some products, association officials said.

"The classic example is Tupperware," said Liz Doherty, an association spokeswoman. "It was originally sold in stores. But people looked at it and said, 'Plastic is smelly, and the lids don't seem to close.' Demonstrations were needed to show the value of the product."

As for vacuum cleaners, she said, "Before they came out, people used to beat their carpets with a stick. People were skeptical, until a salesman showed up at their door and demonstrated how they worked."

Yet proponents of electronic commerce insist that the Internet, especially the media-rich World Wide Web, is well suited for demonstration and targeted

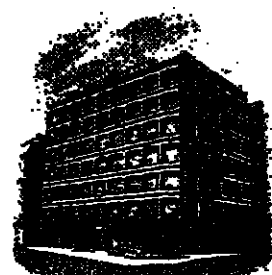
See TUPPERWARE, Page 17

CURRENCY & INTEREST RATES

Feb. 24									
Cross Rates									
	S	F	D.M.	F.F.	Lira	D.R.	R.F.	Yen	C\$
Australia	2.01	2.32	13.02	62.02	0.1147	—	25.625	2.297	34.5
Canada	37.10	43.93	26.95	—	1.327	11.325	—	1.247	1.318
France	1.10	1.28	—	—	12.93	0.1147	—	1.244	1.184
Germany	1.462	—	24.93	25.95	2.9781	1.347	61.246	12.93	12.93
Italy	1.36	—	—	—	—	—	11.325	1.244	1.184
Netherlands	1.52	—	—	—	—	—	11.325	1.244	1.184
Spain	16.66	—	—	—	—	—	11.325	1.244	1.184
Sweden	1.36	—	—	—	—	—	11.325	1.244	1.184
Switzerland	1.48	—	—	—	—	—	11.325	1.244	1.184
UK	1.53	—	—	—	—	—	11.325	1.244	1.184
US Dollar	1.00	—	—	—	—	—	—	—	—
Yen	110.00	—	—	—	—	—	—	—	—
Other Dollar Values <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>									
Canada	1.29	—	—	—	—	—	—	—	—
Japan	110.00	—	—	—	—	—	—	—	—
UK	1.53	—	—	—	—	—	—	—	—
Switzerland	1.48	—	—	—	—	—	—	—	—
Sweden	1.04	—	—	—	—	—	—	—	—
Denmark	1.36	—	—	—	—	—	—	—	—
Norway	1.36	—	—	—	—	—	—	—	—
Italy	1.36	—	—	—	—	—	—	—	—
Spain	1.36	—	—	—	—	—	—	—	—
Greece	1.36	—	—	—	—	—	—	—	—
Portugal	1.36	—	—	—	—	—	—	—	—
Belgium	1.36	—	—	—	—	—	—	—	—
Netherlands	1.36	—	—	—	—	—	—	—	—
Finland	1.36	—	—	—	—	—	—	—	—
Forward Rates									
	30-day	60-day	90-day	180-day	360-day	540-day	720-day	900-day	1080-day
Canada	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
Japan	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00
UK	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Sweden	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Denmark	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Norway	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Italy	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Spain	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Greece	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Portugal	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Belgium	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Netherlands	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Finland	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36

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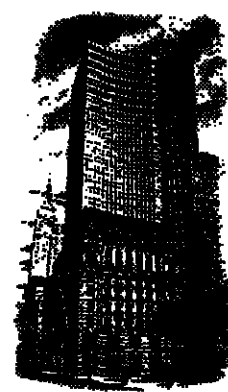
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THE AMERICAS



Very briefly:

- Siebe PLC, a British electronics concern, agreed to buy the U.S. software company Wonderware Corp. for about \$375 million. Wonderware pioneered Microsoft Windows-based software for developing industrial automation applications.
- Sinclair Broadcast Group Inc. agreed to buy closely held Sullivan Broadcast Holdings Inc. in a transaction valued at \$950 million to \$1 billion.
- Lear Corp. agreed to buy the automobile-seat unit of General Motors Corp.'s Delphi subsidiary. Terms of the transaction were not disclosed; analysts had estimated the business would sell for \$200 million to \$500 million.
- Computer Sciences Corp. sued Computer Associates International Inc., alleging that Computer Associates' "campaign of fraud" in its hostile takeover attempt had cost the company more than \$50 million. Computer Sciences said Computer Associates' actions, including disparaging remarks to customers and workers, were costing it business.
- Texas Instruments Inc. said its chairman, James Adams, planned to retire April 1, after the company's annual shareholder meeting.
- Cambior Inc. shelved plans to develop copper projects valued at \$3.4 billion in the United States, Argentina and Peru because of plunging metal prices.

In Need of Financial Treatment

Group Buys Stake in Oxford Health to Help It Recover From Loss

Bloomberg News
NORWALK, Connecticut—Oxford Health Plans Inc. said Tuesday that a group led by the Texas financier David Bonderman would invest \$700 million for as much as a 22.1 percent stake in the managed-care company seeking to rebound from losses that have knocked three-quarters from its market value.

Oxford also named Norman Payson as its chief executive and said it had a loss of \$284.7 million in the fourth quarter, more than double the \$120 million it forecast in December. The loss includes \$239 million Oxford added to its reserves for paying doctors and hospitals.

Oxford has been losing money after it failed to keep track of medical bills and doctors' payments. The company told analysts that recovery will last at least through 1998, while confirming that the buyout firm Kohlberg, Kravis, Roberts & Co. decided not to invest because of concerns regarding management.

"We don't really have a sense of how much they're losing and how

deep a hole they have to climb out of," said Thomas Hodapp, an analyst at BancAmerica Robertson Stephens.

Oxford shares closed down \$1.4375 at \$18.50. Oxford Health has seen its stock fall from a high of \$89 in July.

"The bottom line is that Oxford needs the money," said Terrence McCarthy, an analyst with BancAmerica, Pollak & Richardson. "The fact that Payson's a physician will help with their public-relations problem."

Mr. Payson is former chief executive of Healthsource Inc., a health maintenance organization sold to Healthsource Inc. last year. He will personally invest \$10 million in Oxford.

Mr. Payson is well respected in the managed-care industry, analysts said. He earned good marks for coming to grips with exploding medical costs.

Texas Pacific's chief concern, meanwhile, will be getting Oxford's costs under control by addressing "some of the issues that have caused the losses," said Owen Blicksiver, a

spokesman for the investing group.

Oxford Health also confirmed that Stephen Wiggins, who founded the company in 1984, will step down as chairman, while remaining as a director. Fred Nazem, a board member, will act as nonexecutive chairman.

Oxford Health said in December that it expected fourth-quarter and full-year losses, estimating the fourth-quarter loss at about \$120 million. Oxford said Tuesday that the loss for 1997 was \$291.3 million.

The company posted a loss of \$78.2 million in the third quarter, after year-earlier net income of \$26.7 million, because of computer problems that caused incorrect tracking of income and costs.

Oxford, still considered a popular health maintenance organization by many patients, has angered doctors and hospitals by failing to pay bills. Last year, New York state insurance regulators prodded Oxford to add \$164 million to its reserves after the company came under fire for a backlog of overdue payments to New York hospitals and doctors.

Dollar Edges Higher On Growth Outlook

Greenspan Seems to Rule Out Rate Moves

Bloomberg News
NEW YORK—The dollar was slightly higher Tuesday after Alan Greenspan, the chairman of the Federal Reserve Board, indicated that no change in U.S. interest rates was forthcoming.

Mr. Greenspan said he expected the economy to keep growing with little inflation. His prediction followed a report showing the consumer price index—the Fed's foremost inflation gauge—was unchanged in January.

"The economy continues to be good in the United States, and the dollar should remain strong," said Rick Zandwer, a trader at Friedberg Commodity Management Inc. in Toronto.

Mr. Greenspan's remarks sent Treasury bond prices lower, which held back the dollar, because foreign investors selling U.S. financial assets often convert the proceeds into their home currencies.

Still, in 4 P.M. trading, the dollar was up to 1.7971 Deutsche marks from 1.7960 DM on Monday and to 127.97 yen from 127.90 yen.

It also gained to 6.0240 French francs from 6.0185 francs and to 1.4507 Swiss francs from 1.4495 francs. The pound slipped to \$1.6507 from \$1.6570.

The dollar was supported against the mark by German price reports that suggested there was little chance the Bundesbank would raise interest rates soon.

German producer prices fell 0.1 percent in January from December, compared with expectations they would be unchanged.

FOREIGN EXCHANGE

Consumer prices in the Western states of Baden-Wuerttemberg and Bavaria rose 0.3 percent in the month to mid-February.

"The dollar should remain pretty well supported against the mark," said Jeremy Stretch, a currency strategist at NatWest Markets. "Price pressures in Germany are very, very benign. There is no pressure on the Bundesbank to raise interest rates."

The dollar is expected to gain against the yen in coming days on the likelihood that Japanese officials will not cut taxes or increase spending to lift the economy out of its seven-year slump.

Finance Minister Hikaru Matsunaga said Tuesday the Liberal Democratic Party was "doing all it can" to put together additional measures to lift the economy but that those efforts would not include new spending.

GREENSPAN: Fed Chairman Dismisses Idea of Rate Cuts

Continued from Page 13

added to the pressure. On the market's bellwether, the 30-year bond, the yield rose to 5.96 percent from 5.90 percent.

The stock market showed less reaction, with blue-chip issues lower but technology shares little changed in late trading.

Before Mr. Greenspan spoke, the cancellation of the proposed merger between Glaxo Wellcome PLC and SmithKline Beecham PLC discouraged equity investors. The Dow Jones industrial average closed down 40.10 points at 8,370.10, while losing issues outnumbered gaining ones by a 4-to-3 ratio on the New York Stock Exchange.

Wayne Lyski, chairman and chief investment officer of Alliance Fixed-Income Investors, said, "The markets have not taken the speech particularly well, and I think that the reason they have not is that it is very clear that the Federal Reserve is not anywhere close to a move toward easing rates."

A notable part of Mr. Greenspan's testimony, Mr. Lyski said, was that the chief central banker said the members of the Fed's policy-setting Open Market Committee consciously kept short-term rates stable last year as long-term rates declined. The relatively high

level of the federal funds rate, which is what banks charge each other on overnight loans, along with the rising value of the dollar "was viewed as appropriate, given the strength of spending and building strains on labor resources," Mr. Greenspan said.

Mr. Lyski said that might be read as a precursor to an easier credit stance, although not one that would result in a rapid rate reduction.

In fact, Mr. Greenspan's testimony held some disquieting news for the credit markets, according to M. Carey Leahey, chief U.S. economist at High Frequency Economics in Valhalla, New York. "The numerical inflation forecast is a little higher than I thought," investors, who "tend to think the Fed knows more than anyone else about inflation," abandoned hopes of an interest-rate decrease coming soon, he said.

Also important was something Mr. Greenspan did not discuss: deflation. The word, which he used repeatedly during a speech in early January, was absent from his testimony Tuesday. At the time, he said he did not see the chance that falling import prices would kick off a deflationary spiral as a near-term concern for the U.S. economy, but his examination of the topic was considered a sign that the Fed was at least thinking about it. Deflation

would largely be good for bond prices, whose fixed-interest payments become increasingly attractive as costs fall.

With the economy so finely balanced in the Fed's view, W. Bruce Erickson, professor of business and government at the University of Minnesota, said investors seeking to map out the Fed's intentions might look closely at economic statistics.

Mr. Greenspan emphasized that service-sector wages rose 4.5 percent in 1997, compared with just 3 percent in manufacturing. Mr. Erickson said that was one area the Fed chairman seemed to be targeting, although the testimony noted that a significant part of the difference between services and manufacturing wages had to do with commissions in the financial and real-estate industries, a reflection of booming stock and property markets.

Still, a continued gain in non-financial service wages would be an element arguing against a rate reduction. Mr. Erickson said, adding that another one might be seen in "the statement that if productivity increases are not robust, he might raise rates." Mr. Greenspan said technology apparently had helped companies increase their productivity, but he said the strengthening of demand for goods and services had outstripped these improvements.

Intel Takes Aim at Networking Market, Introducing a Wide Variety of Products

Reuters
SAN FRANCISCO—Intel Corp. introduced a variety of networking products Tuesday aimed at users ranging from homes to small business to large corporate campuses, marking a push by the company in the rapidly growing networking business.

Craig Barrett, president and chief operating officer, said Intel estimated that there would be 1 billion networked personal computers within a decade.

Intel has been in the networking business for several years. It started out developing networking chips and eventually moved to Ethernet networking interface cards. In 1997, Intel said it launched 30 networking infrastructure products and that its business grew 40 percent. Intel's net-

working business had an estimated \$500 million in revenue in 1997.

On Tuesday, as part of a networking symposium Intel is hosting in San Francisco, the company rolled out networking hubs and routers aimed at branch offices and high-speed switches targeted to corporate environments. It also announced plans to target the home market.

Intel said an increasing number of homes had multiple personal computers, and families and small business owners were seeing a need to connect their PCs so they could share printers and other peripheral items.

Intel said there were about 14 million consumers with more than one PC in their homes, and it said the number was expected to grow to more than 30 million by 2000.

Microsoft Hits \$200 Billion Level

Bloomberg News
REDMOND, Washington—Microsoft Corp. on Tuesday joined General Electric Co. as the only other company with a market value of more than \$200 billion.

Microsoft's shares closed up 75 cents at \$82.375, giving the company a market capitalization of \$200.50 billion.

GE, whose assets include the NBC television network and a financial-services company, has a market value of \$253 billion, making it the most valuable company in the world.

Tuesday's 4 P.M. Close										
The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.										
Stock	Sales	High	Low	Close	Change	Stock	Sales	High	Low	
IBM	1,200,000	120.00	119.00	119.00	-0.50	Microsoft	1,100,000	82.00	81.50	81.50
Apple	800,000	55.00	54.00	54.00	-0.50	General Electric	700,000	253.00	252.00	252.00
Oracle	600,000	45.00	44.00	44.00	-0.50	Johnson & Johnson	500,000	65.00	64.00	64.00
Amazon.com	400,000	15.00	14.00	14.00	-0.50	Merck	300,000	35.00	34.00	34.00
Yahoo	300,000	12.00	11.00	11.00	-0.50	Pfizer	200,000	25.00	24.00	24.00
Comcast	200,000	10.00	9.00	9.00	-0.50	Novartis	100,000	20.00	19.00	19.00
Verizon	100,000	8.00	7.00	7.00	-0.50	Roche	50,000	15.00	14.00	14.00
AT&T	50,000	6.00	5.00	5.00	-0.50	Novartis	25,000	10.00	9.00	9.00
WorldCom	25,000	4.00	3.00	3.00	-0.50	Novartis	12,500	5.00	4.00	4.00
Qwest	12,500	2.00	1.00	1.00	-0.50	Novartis	6,250	2.00	1.00	1.00
Sprint	6,250	1.00	0.50	0.50	-0.50	Novartis	3,125	1.00	0.50	0.50
Time Warner	3,125	0.50	0.25	0.25	-0.50	Novartis	1,562	0.50	0.25	0.25
Discovery	1,562	0.25	0.12	0.12	-0.50	Novartis	781	0.25	0.12	0.12
Home Depot	781	0.12	0.06	0.06	-0.50	Novartis	390	0.12	0.06	0.06
Walmart	390	0.06	0.03	0.03	-0.50	Novartis	195	0.06	0.03	0.03
Kroger	195	0.03	0.01	0.01	-0.50	Novartis	97	0.03	0.01	0.01
Target	97	0.01	0.00	0.00	-0.50	Novartis	48	0.01	0.00	0.00
Costco	48	0.00	0.00	0.00	-0.50	Novartis	24	0.00	0.00	0.00
Walgreens	24	0.00	0.00	0.00	-0.50	Novartis	12	0.00	0.00	0.00
CVS	12	0.00	0.00	0.00	-0.50	Novartis	6	0.00	0.00	0.00
Wal-Mart	6	0.00	0.00	0.00	-0.50	Novartis	3	0.00	0.00	0.00
Home Depot	3	0.00	0.00	0.00	-0.50	Novartis	1	0.00	0.00	0.00
Walmart	1	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walgreens	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
CVS	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Wal-Mart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Home Depot	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Walmart	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Kroger	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Target	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	0.00
Costco	0	0.00	0.00	0.00	-0.50	Novartis	0	0.00	0.00	

French Exporters Offset Asia Chill

Trade Surplus Sets a Record as Sales Within Europe Expand

By Bloomberg News

PARIS — France's trade surplus widened in December, data released Tuesday showed, as higher exports to Europe more than offset a decline in sales in Asia, showing that overseas sales were still helping French economic growth to accelerate.

Imports also rose, showing that domestic demand was picking up. A separate report that housing construction soared in January bodes well for consumer spending, analysts said, as those houses would need furniture, rugs and appliances.

The trade surplus rose to 13.8 billion francs (\$2.27 billion) in December, from 10.3 billion francs in November. For the year, the surplus rose to a record 173.47 billion francs, from 86.13 billion in 1996, lifted by weak consumer demand and booming exports.

Finance Minister Dominique Strauss-Kahn said the figures were indicative of "the strong competi-

tiveness of our companies, which are solid enough to counter developments in emerging countries."

French economic growth was driven by exports for most of 1997, while domestic demand was seen as the motor of growth in 1998. Analysts said the trade report showed that exports had not stopped contributing to French growth, even with a slowdown in Asian economies.

"We're just not seeing a marked Asia effect on exports," said Olivier Eluere, an economist at Credit Lyonnais in Paris. "Nor are we seeing imports from Asia soaring, despite their goods being so much cheaper after their currencies tumbled."

In December, exports rose 4.2 percent from November, to 144.13 billion francs. They rose 13.7 percent from December 1996. Exports were led by food and agricultural products, including wine, aircraft, military equipment and cars.

Exports to Asia, excluding Japan, fell 24.5 percent in December, to 7.63 billion francs. But that accounts for just 5.3 percent of France's total exports for the month, and the decline was compensated for by a rise in the surplus to European Union countries, to 8.275 billion francs, from 4.2 billion. The deficit with Japan was little changed, while the deficit with the United States narrowed.

Imports in December rose 1.8 percent, to 130.31 billion francs, and were up 8.5 percent from December 1996.

A report from the Housing Ministry on Tuesday showed that housing starts rose 9.1 percent in 1997, a further sign demand was picking up. And economists said they expected demand for housing to pick up even further in months ahead as economic growth accelerated.

France's economy is forecast to grow 2.5 percent in 1997 and 2.5 percent to 3 percent in 1998.

U.K. Software Firms Post Bumper Earnings

After a Trio of Stocks in Britain's Buoyant Computer Sector Posted Bumper Earnings Tuesday, With Pretax Profits Rising as Much as 56 Percent

By Reuters

LONDON — A trio of stocks in Britain's buoyant computer software sector posted bumper earnings Tuesday, with pretax profits rising as much as 56 percent.

Sema Group PLC, a British-French company and one of the sector's leading firms, posted yearly profit up by 28 percent, to £64.1 million (\$105.3 million), while Admiral PLC and Capita Group PLC did even better.

Software stocks have been star performers in the British equity market in recent months and the sparkling figures highlighted the sector's strong earnings momentum, analysts said.

The industry's increasingly high profile has already been recognized in the London Stock Exchange's decision to establish a separate stock sector for the technology shares, a move that has also helped heighten investment demand and focus attention on the sector's growth.

Sema's shares — which hit a record £19.25 last Friday, after more than tripling in value in the past two years — fell 7.5 pence, to close at £18.85. Admiral's shares rose 6.5 pence, to 9.5 pence, to 78.75 pence. Capita's shares rose 9.9 pence, to 35 pence, to 389 pence.

Admiral said pretax profit rose 56 percent, to £17.55 million, in 1997. Capita's pretax profit rose 49 percent, to £18.3 million.

Sema's profit expanded 28 percent, to £64.1 million.

Most of the markets we address will continue to grow over the next few years at a faster rate than in recent years, with the exception of defense and energy," the company said.

"Major European countries are also growing at unprecedented rates," Mr. Brendish said.

He added that economic difficulties in Asia did not seem to have curtailed local demand for information-technology skills.

He said Admiral's profit margins increased by 21 percent in 1997.

Rod Aldridge, Capita's chairman and chief executive, said there was still huge growth potential in Britain, where Capita had already won more contracts this year than in the first six months of 1997.

"We've got a very active bid list across local government, central government and the private sector," he said.

"And I'm hopeful that between now and our half-year results there'll be other things that we will win," he added.

Mr. Aldridge said a recent survey estimated that business outsourcing would grow by about 29 percent this year and by 23 percent in each of the next four years.

Capita's share price has more than doubled since January 1997, and its market capitalization has risen from £8 million when the company's shares were floated in 1989, to almost £710 million now.

Sema said it expected growth in most of its markets to accelerate in coming years. It said expansion in the United States was a top priority and that the company planned acquisitions to expand its presence there.

"Most of the markets we address will continue to grow over the next few years at a faster rate than in recent years, with the exception of defense and energy," the company said.

NatWest's Equities Exit Pummels Profit

By Reuters

LONDON — National Westminster Bank PLC said Tuesday that its pretax profit fell 10 percent last year, to £1.01 billion (\$1.66 billion), because of the expensive exit from the equities business by its investment banking unit.

Chief Executive Derek Wanless and Chairman Lord Alexander admitted making mistakes in the com-

pany's failed attempt to build a global investment-banking competitor. National Westminster sold its NatWest Markets investment-banking unit after the unit posted a loss of £706 million. National Westminster took a charge of £292 million against 1997 earnings for costs associated with the sale.

Mr. Wanless and Lord Alexander used words such as "dreadful" and

"difficult" to describe various aspects of the company's performance, but Lord Alexander insisted that the NatWest Markets debacle had obscured the excellence of the company's underlying franchise.

Mr. Wanless said the performance of the investment bank had been hurt by the uncertainty surrounding the sale but said the corporate advisory business, which will be renamed Greenwich Natwest next month, had a good year.

NatWest's shares closed down 45 pence at £11.04.

The company also gave details of its exposure to the three Asian countries that have sought assistance from the International Monetary Fund.

National Westminster reported South Korean debt outstanding totaling £1.21 billion, debt worth £255 million in Thailand and £251 million of debt in Indonesia.

NatWest also said it had a total of £59 million of nonperforming loans to the three countries. It has set aside £80 million in provisions against possible losses related to its businesses with Southeast Asia and South Korea.

Asian Fallout Hits De Beers Shares

By Bloomberg News

JOHANNESBURG — Stock in De Beers/Centenary AG, the world's largest diamond producer, tumbled 4.6 percent Tuesday on renewed concern that flagging Asian economies would slow demand for diamond jewelry.

De Beers closed at 95.20 rand (\$19.22), down 4.60, after falling 4.4 percent Monday. Merrill Lynch Smith Borkum has cut its recommendation on the stock to "neutral" from "accumulate."

An analyst at the brokerage said: "The Asian markets are not doing well, and there's been talk in the market of a dividend cut. The third CSO sight is going to be critical — if that's worse than expected, we are going to see downgrades coming through."

The marketing arm of De Beers, the London-based Central Selling Organization, or CSO, holds 10 auctions a year, known as sights. The third one is scheduled to begin March 23.

Germans Plan a Mega-Union

By Reuters

FRANKFURT — Germany's major public and private service-sector unions decided Tuesday to merge into what would be the largest labor organization in the Western world.

The new union, to come into being in 2000, would have around 4 million members drawn from seven service-sector unions. It would surpass IG Metall, the German metalworkers' union that has 2.7 million members.

The new organization would be composed of the office workers' union DAG, the public service union

OeTV, the postal workers' union DPG, the teaching and science union GEW, the banking and insurance union HBV, and the media workers' union IG Medien.

The German rail workers' union GdE would also be linked to the new union.

Two of the larger members of the proposed mega-union, OeTV and DAG, together represent 3.2 million public-sector workers. A successful merger would bring DAG under the umbrella of the German trade union federation DGB.

WORLD STOCK MARKETS

Tuesday, Feb. 24

Prices in local currencies.

High Low Close Prev.

Amsterdam

AEX index 1045.78

Change 10.25

Prev. 1045.53

High Low Close Prev.

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Amst. ABN

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High Low Close Prev.

Kuala Lumpur

FTSE index 1045.78

Change 10.25

Prev. 1045.53

High Low Close Prev.

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High Low Close Prev.

London

FTSE index 1045.78

Change 10.25

Prev. 1045.53

High Low Close Prev.

Tuesday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nasdaq prices not reflecting late trades elsewhere
The Associated Press.

[illegible][illegible]

Continued on Page 18

In a Signal Thailand R Taking Aim at Target

Despite Weak

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Long View
Asia's Crisis

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ASIA/PACIFIC

In a Signal to IMF, Thailand Raises Taxes

Taking Aim at Targets in Austerity Plan

Compiled by Our Staff From Dispatches

BANGKOK — The government raised taxes on gasoline and luxury goods Tuesday, trying to demonstrate its commitment to a tough austerity program prescribed by the International Monetary Fund.

Prime Minister Chuan Leekpai and Finance Minister Tarrin Nimmanaheminda said the new taxes approved by the cabinet were essential for Thailand to meet a budget target agreed to with the IMF for the year ending in September.

"The government tried hard to keep tax increases to a minimum to keep the burden on the public low," Mr. Chuan said. "The economy is weaker than expected, and spending cuts haven't been enough."

The government also sharply lowered its forecasts for the country's economic output this year and said it would speed privatizations and raise funds to finance recent bailouts of financial institutions.

According to the government's new estimate, the Thai economy could shrink as much as 3.5 percent this year, compared with a previous forecast of a decline of 1 percent.

The tax increases came as the cabinet approved some revisions to the IMF's \$17.2 billion bailout package that will allow Thailand to run a deficit this fiscal year. The changes still have to be approved by the IMF board when it meets in Washington next Wednesday.

The current 1998 spending target

is 800 billion baht (\$18 billion). The figure has been slashed four times in the past year, by a total of 19 percent. Analysts said the new targets were realistic and the new taxes were needed to bolster government revenue.

Mr. Tarrin said higher taxes on gasoline, beer, wines, tobacco and eight imported products would give the government an extra 9.2 billion baht in revenue in the remaining seven months of this fiscal year.

The government also raised fees on commercial transactions involving land and property and on new-car registrations.

"This is a signal of our sustained fiscal discipline, to show that we strive to find more revenue to offset some 100 billion baht of revenue shortfall because of the depressed economy," Mr. Tarrin said.

Last year, Mr. Chuan's predecessor, Chavalit Yongchaiyudh, was forced to back down from a move to raise fuel taxes in the face of a public outcry.

In the new measures, the government left taxes on diesel and other refined oil products unchanged. The gasoline-tax increase "will have no impact on the manufacturing sector," Mr. Tarrin said.

Thailand also doubled, to 60 percent, the tariff on imported cigarettes, which account for less than 2 percent of the market. The excise tax on all beer was raised to 53 percent from 50 percent. Tax on wine rose to 55 percent from 50 percent.



Prime Minister Chuan Leekpai of Thailand announcing new taxes Tuesday as well as more pessimistic growth forecasts.

The minister said he expected Thailand's economic turmoil, its worst in decades, to start easing in the second quarter of this year.

Falling domestic demand and falling capital inflows from other countries caught up in the Asian financial crisis were given as the main reasons for the reassessment of GDP growth.

Simon Flint, an economist in Singapore for the consulting firm IDEA, said, "People might be shocked at the economy contracting so much, but it is quite a welcome look at realism."

Inflation now is expected to average 11.6 percent in 1998, against 10 percent targeted earlier, after registering 5.6 percent in 1997.

New Official Terms Peg For Rupiah A Risky Plan

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia's new central bank chief warned Tuesday that pegging the currency to the U.S. dollar could carry "high risks" and said the country needed to find other ways to rescue its economy.

The remarks by Sjahri Sabirin, speaking at his installation as governor of Bank Indonesia, reinforced the impression given by other Indonesian officials in recent days that President Suharto was backing away from his plans for such a currency peg.

Mr. Suharto had hired an American economist to help establish a so-called currency board to ensure that Indonesia's money was backed up with reserves of a foreign currency, most likely the dollar. Faced with opposition from the International Monetary Fund, however, which threatened to suspend payments from its \$43 billion economic aid package, Foreign Minister Mar'ie Muhammad said Monday that the plan would be delayed.

"If the preparations for a currency board are not mature, then the currency board will create high risks," Mr. Sjahri said after he was sworn in to succeed Sudradjat Djiwandono, who was dismissed by Mr. Suharto last week. Mr. Sudradjat was an opponent of the currency-board idea.

Without rejecting the peg, the new central bank governor called the mechanism "one attractive option" and said the priority should be to find an effective means of stabilizing the rupiah, which has lost 70 percent of its value in the past six months.

"If the current economic crisis continues as it is now, there will also be high risks," he said. "I'm afraid that a lot of suffering will occur."

The rupiah slipped against the dollar Tuesday as the U.S. currency rose to 9,650 rupiah from 9,300 rupiah Monday.

Washington, meanwhile, announced that former Vice President Walter Mondale would leave for Jakarta on Saturday to try to persuade Mr. Suharto to implement reforms outlined by the IMF.

Michael McCurry, the White House spokesman, said President Bill Clinton had telephoned Mr. Suharto "several times" to indicate his "concern with the economic and political situation in Indonesia" and to express his view that commitment to implementing the IMF reforms was the best chance of restoring Indonesia's financial stability.

If Indonesia does follow through with the currency board, Mr. Sjahri suggested, it would have to be an "unconventional" one, with its operations tightly supervised by the central bank. Most currency boards act in place of a central bank, maintaining the currency peg by keeping billions of dollars of foreign currencies to back up all the national currency in circulation. A currency board generally has considerable independence, depriving the government of its ability to print money, set interest-rate policy or extend credit to banks.

(Bloomberg, AFP)

Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
15500	18000	18000		
14000	16000	16000		
12000	14000	14000		
10000	12000	12000		
8000	10000	10000		
6000	8000	8000		
4000	6000	6000		
2000	4000	4000		
0	2000	2000		
1997	1997	1997		
Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong Hang Seng		10,883.34	10,885.21	+1.57
Singapore Straits Times		1,561.75	1,551.91	+0.63
Sydney All Ordinaries		2,666.20	2,655.10	+0.42
Tokyo Nikkei 225		16,198.00	16,608.48	-2.48
Kuala Lumpur Composite		728.84	720.46	+1.30
Bangkok SET		517.06	521.82	-0.91
Seoul Composite Index		540.89	543.06	-0.40
Taipei Stock Market Index		9,066.46	9,147.00	-0.88
Manila PSE		2,100.78	2,116.00	-0.72
Jakarta Composite Index		494.89	5,05.035	-2.01
Wellington NZSE-40		2,266.84	2,258.71	+0.36
Bombay Sensitive Index		3,484.69	3,478.40	+0.18

Very briefly:

- Australian corporate profits hit a six-year low in the fourth quarter of 1997, falling 4.5 percent on a seasonally adjusted basis, to 11.27 billion dollars (\$7.48 billion). The Australian Bureau of Statistics said the Asian financial turmoil that began last summer had had only a minor impact on the earnings.
- Standard & Poor's Corp. revised its outlook on the Philippines' long-term credit ratings to negative from stable.
- Fuji Bank Ltd.'s long-term credit rating was cut to A3 from A1 and its short-term deposit and other debt ratings to Prime-2 from Prime-1 by Moody's Investors Service Inc., which cited the bank's increase in its stake in Yasuda Trust & Banking Co.
- Matsushita Electric Industrial Co.'s group pretax profit fell 5 percent, to 39 billion yen (\$303.6 million), in the quarter ended in December from a year earlier as weaker demand in Japan and the rest of Asia offset stronger North American sales.
- Japanese motor-vehicle output fell 9 percent in January from a year earlier, to 834,816 units.
- China is still "the biggest dollar-value offender" in software piracy, according to the Software Publishers Association, a U.S.-based group that said illegal copying of computer software cost U.S. companies \$1 billion in 1997.
- Telekom Malaysia Bhd.'s net profit fell 3 percent, to 1.83 billion ringgit (\$479.1 million), in 1997. The profit decline, the company's first in five years, came as the weakening of the ringgit raised the cost of payments on its foreign debt.
- Commerce Asset-Holding Bhd. said Rashid Hussain Bhd. should pay an amount equivalent to net tangible assets, or 2.1 billion ringgit, for its Bank of Commerce unit, which Rashid Hussain Bhd. wants to buy. *AFP, Reuters, Bloomberg*

Consumer Confidence Plunges, Except in Taiwan, Survey Finds

Compiled by Our Staff From Dispatches

SINGAPORE — Many Asian consumers are pessimistic over the region's prospects in the next six months, with only those in Taiwan remaining upbeat amid the economic turmoil, a survey released Tuesday showed.

The economic crisis has sent consumer confidence in the region skidding "to unprecedented low levels," according to a semiannual survey compiled by MasterCard International of 13 economies: Australia, China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand and the Philippines. The latest results are from the December survey.

Consumer confidence was measured on a scale from zero—the most pessimistic—to 100. One of the worst declines was in Indonesia, where the index fell to 35.9 from its peak of 95.9 last June. The survey also said that "confidence in quality of life" there, which was at 100 in June 1997, had fallen to 40.4.

The poll found that consumer confidence in all 13 economies had been affected significantly by the financial crisis except in Taiwan, where the level was unchanged at 54. *(Reuters, AFP)*

Despite Weak Data, Tokyo Says the Worst Is Over

Compiled by Our Staff From Dispatches

TOKYO — The Economic Planning Agency said Tuesday that the country's economy was headed in "a better direction," even as a report showed a slowdown in consumer spending.

Sales at department stores in Japan fell 3.6 percent in January compared with January 1997, to 752.67 billion yen (\$5.86 billion), the 10th consecutive month of year-on-year declines, the Japan Department Stores Association said.

Car sales also fell. The Japan Automobile Manufacturers Association said vehicle sales in Japan slid 20.9 percent last month, to 352,997 units.

"There's a crisis of confidence among households," said Andrew Shipley, an economist at Schroder Securities (Japan). "What the situation calls for is very generous fiscal measures to ease the pain of restructuring in the corporate sector."

That call for more government spending has been echoed by everyone from investors, who sent the benchmark Nikkei stock index tumbling 2.48 percent Tuesday, to 16,198 points, to Japan's trading partners, most recently at last week's Group of Seven meeting in London.

But Finance Minister Hiromu Matsunaga said again Tuesday that the government had no such plans. Koji Omi, the director-general of

the Economic Planning Agency, said Japan had pulled out of "the crisis situation seen in December and January" and that "general confidence toward the prospects for the economy" had improved.

It was the first time in several months that the agency chief, who is responsible for delivering regular verdicts on the state of the economy,

had adopted such a positive tone.

Mr. Omi said passage of the government's budget for the year ending in March 1999, now being debated by Parliament, was crucial.

He said the agency would draw up another stimulus package in mid-March, bringing in measures that the governing Liberal Democratic Party proposed Friday. Those proposals,

together with measures already passed—including a 30 trillion-yen package for the banking sector—were improving sentiment, he said.

Analysts have dismissed the party's proposals as a disappointment for failing to endorse the spending necessary to push consumer demand and bring growth. *(AFP, Bloomberg, Reuters)*

Electronic Banking Slashes Jobs at ANZ

Compiled by Our Staff From Dispatches

SYDNEY — Australia & New Zealand Banking Group Ltd. said Tuesday it was cutting more than 1,700 jobs, or 8 percent of its work force, as part of its move away from customer service to electronic banking.

ANZ said the cuts were part of its "branch of the future" program, which aims to streamline the bank's network of more than 1,000 branches, effectively turning them into sales centers.

The cuts come on top of an 11 percent reduction in staff in the 1996-97 financial year and cuts of 7,905 full-time staff positions from 1990 to 1993.

ANZ, which currently has a freeze on recruitment except for hiring top graduates, did not rule out further cuts.

"We have a responsibility to our shareholders to run a lean organization, and if that means cutting more jobs, that's what we'll do," an ANZ representative said.

Its announcement brought an angry response from its unions. "The cuts are too deep," a representative

for the Finance Sector Union said. "The planning for the change hasn't taken into account that they are going to try and take a lot of people out of the branches, while at the same time they are going to try and train staff in new processes and new roles."

The job cuts are part of a growing trend among Australia's big banks to increase their reliance on electronic and telephone banking and reduce the demands on branch personnel. Australia's four major banking companies are expected to cut 10,000 employees this year to try to maintain profit growth in an increasingly competitive domestic market.

ANZ's chief executive, John McFarlane, has made clear his intention to accelerate ANZ's cost-cutting program since he took over the top job last year.

ANZ has the highest cost-to-income ratio of the big four banks, at 64.9 percent, and Mr. McFarlane has vowed to quickly bring it down.

In Sydney, ANZ's shares rose 20 cents to close at 9.74 Australian dollars (\$6.46). *(AFP, Reuters)*

SUEZ: Chief Struggles to Streamline a Bulky Conglomerate

Continued from Page 13

nationalization of the Suez Canal."

Mr. Mestrallet's track record, which includes a stint at the head of Suez starting in 1995, backs up his words. Inheriting a sprawling, unprofitable mess whose forays into real estate purchasing and management had cost his predecessor his job, Mr. Mestrallet embarked on a series of bold restructuring moves at Suez with a speed that surprised analysts.

In 1996, taking a step many said spelled the end for Suez, Mr. Mestrallet sold Banque Indosuez, Suez's crown jewel and the one asset considered indispensable by most analysts. But by slimming the company and concentrating on industry and utilities, analysts now say, he transformed a corporate basket case into a company with the financial resources and industrial assets needed to forge alliances.

Now, the new Suez Lyonnaise des Eaux, with about 200 billion francs (\$33 billion) in annual sales, is sitting on a pile of cash, largely from the 6.3 billion franc Banque Indosuez sale. Mr. Mestrallet says the new company will post profit of more than 3.5 billion francs for 1997, despite a 30 million to 50 million franc hit from Asia's financial crisis, and he expects to double

the company's earnings per share in five years. Like his counterpart at Generale des Eaux, Mr. Mestrallet stresses the importance of shareholder value and corporate governance, long foreign concepts to French industrialists.

Mr. Mestrallet, a graduate, like Mr. Messier, of the prestigious Ecole Polytechnique as well as the technocratic training ground Ecole Nationale d'Administration, made his name in Belgium turning around the Societe Generale de Belgique. His star rose in France in 1995 when he was named chief executive of Suez after its disastrous takeover of Gerard Worms in a boardroom struggle.

Unlike Mr. Messier, Mr. Mestrallet, the son of a paper salesman from a middle-class suburb of Paris, tends to shun the spotlight. "He is a modest man, who says what he thinks and thinks more than he says," said Jerome Monod, the former chief executive of Lyonnaise des Eaux who now works alongside Mr. Mestrallet as the head of the new company's supervisory board. "He's not looking to impress people."

But Mr. Mestrallet still has to impress on the investment community that he means business. In 1997, the company signed 5 billion francs of

international water contracts, with much of the business coming after the merger. And in November, Suez Lyonnaise expanded its presence in waste management with the \$1.45 billion purchase of the European and Asian operations of the U.S. company Browning-Ferris Industries Inc.

Though Suez shares have recently taken off, analysts say the firm's holding company image has kept the stock from reaching its potential. On Tuesday, Suez Lyonnaise shares closed at 779 francs, up 17 percent from the start of the year. Analysts say, however, the company remains plagued by a lack of focus. Suez Lyonnaise has dozens of subsidiaries spread over a wide variety of businesses, and still controls significant financial and construction activities.

"The conglomerate image is hard to get rid of," said Christian Duchesne, analyst at the Paris brokerage EIFF. "However it's still possible for Mestrallet to surprise us."

Still, some say Suez Lyonnaise has yet to define its new identity. "When you look carefully, you see that only about half of the company's sales come from its core activities," Mr. Cohen said. "That leaves a large part of the company that is potentially up for sale."

TUPPERWARE: Direct Sellers Largely Avoid the Internet

Continued from Page 13

marketing — the next generation of old-fashioned door-to-door sales. Some suggest that direct sellers are resisting the Internet because they are built on a pyramid of salespeople.

"In many cases, the goods and services facilitate what multilevel marketing companies are really selling, which is distributorships," said Don Peppers, a co-author of "Enterprise 1 to 1: Tools for Competing in the Interactive Age."

He added: "If you're in the business of selling distributorships, you don't want your end users to go around the channels to obtain that stuff. Anyway, they're selling dreams. They're selling the chance that anyone can make a business for themselves."

Tupperware and other direct sellers say they see the Web as an excellent way to recruit salespeople, but most say that using it to sell their goods would undermine the shoe-leather efforts of their human sales force.

"It would be destructive of morale if they saw us competing for sales with them," said Steven Cooper, a spokesman for the U.S. operations of Electrolux, a Swedish company. "Besides, if someone goes on the Web in New York City and sells a vacuum cleaner to someone in San Francisco, and they want to get it serviced, it's not good for customer service to do that."

But Mr. Peppers counters that improved customer service is exactly what the Web offers.

"The power of the old way of doing business is not just that I can look you in the eye," he said. "What's personal

is that I remember what you like from the last time."

Paradoxically, he suggested, impersonal technology, especially large databases that link products and consumer behavior, allows more efficient management of customer preferences. Direct sellers could borrow from the model of Amazon.com Inc., an on-line bookseller, to better focus on their customers' needs, he said.

"It's inefficient for the neighborhood bookseller to remember his best 100 customers' preferences," Mr. Peppers said. "On the other hand, Amazon.com does just that with every customer. Is Amazon an insidious encroachment on the way we do business? No, they're a rejuvenation, a technologically enhanced form of doing business. It's back to the future, in a sense."

Aviation Firms Take Long View Of Asia's Crisis

Reuters

SINGAPORE — Aviation companies in Singapore for Asia's biggest air show this week conceded the region's economic crisis had caused some problems, but they minimized its bottom-line impact.

Airbus Industrie also announced at the show that its proposed 555-seat A3XX superjumbo design is not yet good enough to launch, forcing a one-year delay in the program.

Jean Pierson, Airbus chief executive, said that Airbus was not yet satisfied it could build cheaply enough either its superjumbo jet or its proposed new 100-seater, the A321XLR.

The British engine maker Rolls-Royce PLC said Tuesday that it expected to lose sales from Asia's economic crisis as the region's airlines take up fewer of the aircraft on which they have options.

But John Rose, Rolls-Royce chief executive, said the company had suffered no order cancellations and expected other regions, like North America and Europe, to offset the sagging Asian market.

"Clearly, we are going to see a reduction in the number of options that are exercised," Mr. Rose said.

Aviation companies from the United States and Europe have actually increased exhibit space at this week's show despite the economic crisis, citing the long-term nature of the business. The aviation executives said Asia should emerge from this crisis within the next two to three years.

They cited analysts who say the region is still likely to account for almost a third of the world's civilian aircraft in about 15 years.

THE WORLD HEALTH ORGANIZATION (WHO) Regional Office For the Eastern Mediterranean, Egypt

WHO REGIONAL HEADQUARTERS FOR THE EASTERN MEDITERRANEAN - CAIRO

INVITATION FOR PREQUALIFICATION OF GENERAL CONTRACTORS

WHO intends to construct its new Regional Headquarters in Cairo.

The Project is to construct an office building consisting of seven stories, ground floor and two basements, for car parking and storage, including an international conference hall, with a total built area of approximately 25 000 m². The works shall consist of:

- Civil Works : Earth Moving & Excavation , Construction of piers, isolated footing foundations, a reinforced concrete skeleton structure consisting of seven floors, a ground floor and two underground basements .
- Architectural Finishing Works : include marble facade cladding, marble floorings, glazed curtain walls, dry wall partitions, acoustic ceilings .. etc .
- Mechanical Works : include a central air conditioning and ventilation system, plumbing, fire fighting and elevators .
- Electrical Works : include electrical power supply, telecommunications, and fire alarm systems

WHO invites interested quality general contracting firms having experience with similar works to express their interest and to withdraw the prequalification forms from the Consultant at the following addresses as from Sunday 22 / 2 / 98, against the payment of US\$ 500

ECG Engineering Consultants Group S.A

50, El Rais Mostafa El Nahas Street, 6th district, Nasr City 11765 Cairo, EGYPT
P.O. Box 1167 Cairo 11511, Egypt
Tel : + 20-2-274 47 40 Fax +20-2-274 47 48

5, Mostafa Kamel Street, Smouha, Alexandria
P.O. Box 2350 Smouha, Alexandria
Tel : + 20-3-420 74 14 Fax +20-3-420 12 89

Only firms with experience in external and internal finishing of a similar nature and quality shall be invited to participate in the bid. The prequalification form and contractors submissions shall be sent to the above addresses so as to reach the Consultant no later than 15 March 1998.

Tuesday 3-4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

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Tuesday's 4 P.M. Close
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February 24, 1998

Questions supplied by fund manager to Morningstar Data: 22.1.10 22.05.00 e-mail: hasan@morningstar.com

For information on how to list your fund, fax Kary Hourl at (33-1) 41 43 52 12 or E-mail: funds@lnt.com
To receive free daily quotations for your funds by E-mail: subscribe@e-funds@lnt.com

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of Fund Group to any extent. The list of the

WORLD ROUNDUP

Low-Rated Games

OLYMPICS The Winter Olympics in Nagano drew the lowest U.S. television ratings of any Winter Games for 30 years.

According to the preliminary numbers issued Monday by CBS, which broadcast the games in the United States, the network got a 16.2 rating — a 26 percent share of the audience — for its prime-time coverage. The ratings for Lillehammer, four years ago, were, 27.8-42. Nagano is the lowest-rated Olympics since 1968, when ABC got a 13.5 rating from Grenoble, France.

The rating was also below the 19.5 CBS guaranteed advertisers. The network was forced to run extra spots during the second week of the games, and may need to provide further "make goods" to appease advertisers, who paid about \$450,000 for a 30-second advertisement.

Even so, the Olympics boosted ratings for CBS, which won 16 of the 17 nights in the crucial February "sweeps period," when local advertising rates are set. (AP)

Redskins Sign a Tackle

FOOTBALL Dana Stubblefield, the All-Pro tackle, has signed a six-year, \$36 million contract with the Washington Redskins. Stubblefield, 27, had spent all his career with the San Francisco 49ers.

In other deals, Dallas signed the former Miami offensive lineman Everett McIVER to a five-year, \$9.5 million contract. Denver re-signed left guard Mark Schlereth to an undisclosed deal; Philadelphia re-signed the running back Charlie Garner to a four-year contract, and Chicago re-signed the tight end Ryan O'Leary to a three-year contract, \$1.9 million contract. (AP)

Patriots' Founder Dies

FOOTBALL Billy Sullivan, who brought the NFL to Boston and then watched the league outgrow him, died in Florida of cancer. He was 82. Sullivan was the president of a fuel delivery company when he was granted the rights to an original franchise in the AFL.

In the 1980s, he tried to sell Patriots stock in an effort to raise the cash to keep the team, but the NFL blocked him. He sold the team to Victor Kiam in 1988 for \$84 million. (AP)

Ireland Coach Resigns

RUGBY UNION Brian Ashton resigned Tuesday as coach of Ireland's rugby union team. Ashton, an Englishman, took the job last season and was on a six-year contract. He has been embroiled in disputes with Pat Whelan, the team manager, over the running of the team, which lost, 17-16, to Scotland in Dublin when the Five Nations opened on Feb. 7. (Reuters)

Dunking the Coach

BASKETBALL Members of the Minico High basketball team of Rupert, Idaho, didn't like the way they were treated by their coach. They got even by going on a dunking binge.

Four players dunked in warmups before a recent game, which is against the rules and draws an automatic technical foul against the team. Because of the technicals the coach, Blair Garner, was ejected before the game had even begun.

The boys were thrown off the team and suspended from school for three days. School officials called their act "premeditated insubordination." (LAT)

Why FIFA Chief Keeps His Jostling Heirs Guessing

International Herald Tribune

LONDON — Dictators never give up power gracefully, and Joao Havelange is behaving true to type. He has ruled FIFA, soccer's global authority, since 1974. He is growing desperate to prevent "his" presidency passing to Lennart Johansson, currently the head of UEFA, the governing body of European soccer and the first opponent to dare tell Havelange his time is up.

Johansson is the only declared candidate to succeed Havelange on June 8. But nominations do not close until April 7, and month by month Havelange pledges support to different men, to anyone, it seems, who might oppose Johansson.

Last summer, reasoning that control of the world game must at all costs not be concentrated on Europe, Havelange publicly proposed Julio Grondona, his closest friend on the FIFA executive, as the successor. Grondona, from Argentina, soon discovered that he would struggle for unanimity in Latin America, never mind the rest of the world, and said it would be better for everyone if Havelange continued as president.

Next, Havelange tried to persuade Michel Platini, who might be French but at least has the virtue of being Latin, to stand. Platini, 42, the co-president of the World Cup organizing committee, already has his hands full. He was flattered but not deceived into believing he was ready, or that FIFA's 200 member associations were yet ready for a former player of his tender years.

So now, Havelange is down to three candidates. He is heard from time to time encouraging Sepp Blatter to step up from general secretary to president of FIFA. He said last week, possibly because he is in Burkina Faso for the African Nations Cup, that Issa Hayatou, leader of the African soccer

federations, had all the qualities to be the successor.

With each declaration, each change of mind, Havelange reminds us that he is the man who built up FIFA from an organization that didn't have \$20 in the petty cash box in 1974; now each World Cup brings in \$1 billion, and, according to Havelange, soccer worldwide commands revenues of \$260 billion a year. Maybe that is why he can't give it up. Maybe that explains why a man of 82 will not settle for life with the grandchildren.

There are those who have never contributed anything in committee other than nod their heads at appropriate moments. They parrot that the Family of FIFA must have continuity and want Havelange to remain. Havelange's legacy, they argue, must be protected by a ruler of like mind. And if there is no heir apparent, or if there is divided opinion, or more than one candidate, why then, papa, Havelange himself, must stay to see this great body through to the new millennium.

Actually, he has thought of that. He proposed it a year ago but a majority of the FIFA executive, having just learned to say no to the president over his attempt to grant the 2002 World Cup solely to Japan, said no a second time to extending his office.

"The kindest way," said one member, "would have been to prepare a Flower Road for Havelange to proceed into history."

A Flower Road is an ancient Eastern custom, soothing the passage from power to gentle idleness for the elders. In Havelange's case, because he rid the committees and the administration of those he couldn't trust, the termination of his control had never before been on the agenda. But why, with over

three months of his tenure to go, is it of immediate concern? Because the administration is distracted at a time when it needs to function at its best. Because, just two days after the leadership vote, will start a World Cup which could be the biggest logistical nightmare soccer has encountered.

Johansson is chairman of the 1998 World Cup Organizing Committee. Blatter is chief executive of FIFA. They are potential rivals in a power game, and possible pawns in Havelange's divide and rule plot. Yet soccer needs them to cooperate, to use every shred of experience to prevent France from being overrun with problems.

For example, because African countries were the key to Havelange's gaining power and are still, with 51 votes, hugely influential in the succession, he promised them more places at the World Cup. Result: The World Cup has grown from 16 finalists to a much less manageable 32. France has to cope with that. It has to cope with an imbalance between its small stadiums and the massive ticket demands, which will create a black market of vast proportions. This World Cup will also have to cope with a crazy idea of rotating all teams so that none play consecutively in the same city.

This will lead, inevitably, to tens of thousands of supporters crisscrossing France. It will provide a fertile ground for hooliganism and, worse, for the political extremists planning to use the event for violent ends. FIFA is not responsible for the way society is, but it has a responsibility to design its grand tournament to deal with wider problems.

Johansson, and each of the men Havelange seeks to set against him, should be concentrating on the

World Soccer/Rob Hughes

Ex-Yankee Manager Puts Stamp on Diamondbacks

By Claire Smith
New York Times Service

TUCSON, Arizona — The Arizona Diamondbacks are a few spring weeks away from their debut in major-league baseball.

The new franchise has culled players, coaches and other personnel from 22 major-league organizations. Those include such established stars as Matt Williams, Andy Benes, Jay Bell and Devon White, reflecting a different kind of beginning from expansion teams of old. The 1998 Diamondbacks are not the 1962 New York Mets.

The Diamondbacks bear the overriding stamp of Buck Showalter. The former Yankees manager's two-year hiatus from the majors will end when he leads the Diamondbacks into their inaugural season in the National League West. And if what is unfolding at the Diamondbacks' sprawling new complex in South Tucson is any indication, time has not mellowed the intense bundle of energy that is Showalter one iota.

The Diamondbacks' operation is quintessentially Showalter. The team is detailed, focused, meticulously managed and tidy to a fault.

Arizona's players and coaches are as clean-cut as the fields on which the team began to practice last week. The complex reeks of the sort of organization and attention to detail that marked Showalter's tenure with the Yankees.

Not enough hours in a typical spring training day, nor enough eyes in the legion of coaches? Split the squad into turquoise and purple armies and multiply the workout by two. Showalter does the two-a-days in order to see as many drills as possible.

Not that Showalter will not delegate. He prides himself on his ability to do so. Still, the idea of not seeing as many of his players is as much anathema to him as it was when he ran the Yankees camps. There, Showalter's split-squad sessions were more than even the Yankees' owner, the taskmaster George Steinbrenner, demanded.

"It's for the players' benefit as well as ours; we've got to get to know these guys," said Showalter, who has 62 players in the Diamondbacks' camp.

So Showalter rises every day at 4 A.M. to be at his desk by 5:30. Staff meetings are under way two hours later. The final drills end at 4:30 P.M., but Showalter's day continues for another two hours or so — "quiet time," he says, spent planning the next day.

Showalter's focus goes beyond roster decisions and flexibility drills. The manager recommended where oleander bushes be planted at the new complex. Then there were the blank walls, too many to suit Showalter. Knowing there was no money budgeted for more artwork, Showalter persuaded a local artist to paint the team logos on clubhouse walls in exchange for tickets. Illogical? Not if he wants to ensure that his players do not lose sight of their new team identity.

Sometimes the manager does things with a twinkle in his eye, such as making a defense drill off-limits to the news media, intimating that one never really knows who might be watching.

The logos, the two squads passing like chugging freight trains, the mystery are sure signs that Showalter and his high energy field are at peak force. It is an approach that helped reshape the Yankees into a contender in the early 1990s. And it had made Showalter a manager who is both admired and tweaked.

To Showalter, though, these matters are about as funny as recent assertions by Steinbrenner that the Diamondbacks tampered with Bernie Williams, a potential free agent at the end of the season. "I won't even dignify that with a comment," Showalter said.

"I don't apologize for taking my job seriously," Showalter said, his cherubic face suddenly stern. "If it comes across that way, it's because I know there are a lot of people in the state of Arizona counting on us to do a good job. And I take that responsibility very seriously. And I won't apologize for that."

So his unmistakable, indisputable energy refuses to ebb. The hunger, if anything, is more intense, perhaps fueled by those two seasons without an on-field outlet. "I know there's a lot of people who can do this job successfully," said Showalter, who was hired two years ago after a nasty contract spat ended his stay



Buck Showalter ordering another drill at the Diamondbacks' camp.

with the Yankees. "I know that this game can survive without me. It's bigger than all of us."

Showalter will always look for the tiniest advantage in his quest for the perfect approach. There will always be all-nighters in his office, red eyes from viewing game tapes. The grind that most managers as experienced and successful don't care to submit to any longer is not considered torture by Showalter.

"My day right here, it's very exciting to me," he said. "People want to call that drudgery or work? I feel almost guilty that I can spend my day like this."

Steinbrenner Calls Chief

Steinbrenner has called the acting baseball commissioner, Bud Selig, about reports speculating about possible tampering by the Diamondbacks involving Williams, the Yankees center fielder, who cannot become a free agent until after the season.

According to an American League official, other teams have made similar complaints in the aftermath of a series of contracts between the Diamondbacks and players represented by Scott Boras, who is also the agent for Williams.

For NHL's Czech Medalists, Time for the Party to End

PRAGUE — The harsh reality of highly paid workaday jobs in the National Hockey League dawned on several Czech Olympic ice hockey gold medalists Tuesday after two days of nonstop celebration: It was time to go back to work.

With heads still spinning from a quick stop in Prague where they were hailed as national heroes — some said "gods" — 11 Czech NHL regulars must be back on North American ice with their clubs Wednesday night.

More than 100,000 Czechs packed Prague's Old Town Square on Monday to greet the Czech team after its flight from Japan on a government plane ordered by President Václav Havel.

Jaromir Jagr, the most highly paid player in the NHL, at \$8 million a season, briefly met Havel at the president's private villa. Jagr lamented that he had to leave to play for the Pittsburgh Pirates in Montreal and that the season felt like it was already over after the Olympic victory.

"The season has already ended for us; we are just playing it out," Jagr was quoted in the Czech daily Mlada Fronta Dnes as telling Havel.

That may be news for Pittsburgh fans, as the Penguins are in the heat of

another battle for the Stanley Cup championship, eight points clear of Montreal in the Northeast Division. Four of the gold medalists play for the Penguins.

When the Czechs beat Russia 1-0 on Sunday for the gold medal, Prague began a two-day street party that was probably its biggest since the country's democratic revolution in 1989. It was the first time the NHL had taken a break to allow players to join their national teams for the Olympics. Canada and the United States were strong favorites for Olympic gold, but the Czechs beat them both on their way to the final.

On Monday, the Czech players danced and sprayed champagne on the crowds in Prague, and the celebrations went on well into Tuesday morning.

The crowd in the square cheered loudest for the goalie Dominik Hasek, who wore a white bandanna with Japanese lettering. Hasek, the Buffalo Sabres star, allowed only six goals in six games and posted two shutouts at the Games in Nagano. One Czech NHL star was missing: Petr Svoboda, who scored the only goal in the gold medal game, was in Canada for treatment of an injured elbow. (Reuters, NYT)

EF Language Of Sweden Wins 5th Leg Of Whitbread

Compiled by Our Staff From Dispatches

SAO PAULO — Samba drums and dancing girls greeted the yacht EF Language Tuesday as it won the fifth leg of the Whitbread Round the World Race.

EF Language, a Swedish yacht skippered by Paul Cayard, crossed the finish line in Sao Sebastiao at nine minutes past midnight local time.

Cayard, an American, and his crew also won the first and third legs. They completed the journey from Auckland, a distance of 6,670 nautical miles, in 23 days, 1 hour, 9 minutes 23 seconds.

Their arrival in the middle of the Carnival and the middle of a windy, hot and humid night seemed to be sufficient excuse for a major celebration in this city of 33,000.

An Afro-Brazilian percussion band with 80 drummers and hundreds of local residents and tourists greeted the yacht as it sailed into port.

As he stepped ashore, Cayard said, "Our success in the race is only paralleled by this reception."

To get from Auckland to Sao Sebastiao, the nine participating yachts went from the South Pacific to the South Atlantic by going around Cape Horn on the southernmost tip of South America, — a stretch that is the most treacherous in the race.

"I have enormous respect for the Southern Ocean, and this is the first time that I have been in harmony with it," said Magnus Olsson, a Swedish crew member sailing in his fifth Whitbread.

"We were always one step ahead of it, and the ocean rewarded us for our decisions," he said. "We copied well with the conditions and we loved it."

"Cape Horn is my Mount Everest. It came out of the fog, this rugged land with waves crossing in different directions. The mystery of the Cape evaporated as we sailed from the Southern Ocean into the South Atlantic."

The 31,600 nautical mile, nine-leg race began Sept. 21 in Southampton, England. EF Language won the first leg (Southampton to Cape Town) and the third leg (Fremantle, Australia, to Sydney).

In second place was Brunel Sunery of the Netherlands, 514 miles behind, with the American yacht Chessie Racing in third place, 536 miles from the finish line.

Also racing for third place were Swedish Match of Sweden, Monaco's Merit Cup, Toshiba of the United States and Innovation Kvaerner of Norway.

None of those yachts were expected to start crossing the finish line before Thursday morning, which would give EF Language a record margin of victory in a leg of a Whitbread race.

Britain's Silk Cut and Sweden's EF Education were dismantled and are not expected in Sao Sebastiao "for a long time," said Heather Dallas of the Whitbread race organization.

The nine ships are scheduled to begin the 4,750-mile sixth leg to Fort Lauderdale, Florida, on March 14.

In an electronic-mail message sent to organizers hours before winning the fifth leg, Cayard of EF Language said: "I feel pretty good about the position of EF Language. We have learned a lot as a crew. We have developed our boat well and we have the lead. There is still a lot of racing to be done and anything can happen, in sailing especially."

The crew of Chessie Racing said that on Sunday night the yacht bumped into an unidentified object, but that no damage was done to the vessel.

"There was a loud crunch, followed shortly after by a quieter noise," said Dave Scott, the watch captain, in a message to organizers. "We all turned around to see an object rise up out of the water behind us after hitting both keel and udder." (Reuters, AP)

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Team	W	L	Pct	GB
Atlanta	21	16	.568	0
New York	21	22	.489	6
New Jersey	21	24	.467	8
Orlando	18	27	.400	11
Washington	27	28	.491	12
Boston	25	30	.455	14
Philadelphia	17	35	.329	19 1/2

CENTRAL DIVISION

Team	W	L	Pct	GB
Chicago	42	15	.737	0
Indiana	39	18	.684	3 1/2
Atlanta	32	23	.582	9
Charlotte	32	23	.582	9
Cleveland	29	26	.528	12
Memphis	28	28	.500	14
Detroit	25	29	.463	17 1/2
Toronto	12	42	.222	28 1/2

WESTERN DIVISION

Team	W	L	Pct	GB
Utah	36	18	.667	0
San Antonio	32	22	.593	4 1/2
Minnesota	30	23	.566	7 1/2
Houston	28	25	.528	9 1/2
Vancouver	14	40	.259	24
Dallas	18	44	.295	28
Denver	15	28	.349	31 1/2

PACIFIC DIVISION

Team	W	L	Pct	GB
Seattle	42	18	.700	0
Phoenix	37	23	.617	5 1/2
L.A. Lakers	36	24	.600	6 1/2
Portland	32	22	.593	9 1/2
Sacramento	34	22	.607	11 1/2
Golden State	42	20	.680	13 1/2
L.A. Clippers	11	44	.200	31

MADRID REPORTS

Team	W	L	Pct	GB
Spain	35	24	.593	0
Italy	32	27	.543	3 1/2
France	30	29	.500	6 1/2
Germany	28	31	.476	9 1/2
U.S.	25	34	.426	12 1/2
Canada	22	37	.370	15 1/2
Czech Republic	20	39	.344	17 1/2
Slovakia	18	41	.305	19 1/2
Sweden	15	44	.250	22 1/2
Finland	12	47	.204	25 1/2
Norway	10	49	.163	27 1/2
Poland	8	51	.136	29 1/2
Latvia	5	54	.087	32 1/2
Estonia	3	56	.051	34 1/2
Lithuania	2	57	.035	35 1/2
Belarus	1	58	.017	36 1/2
Ukraine	0	59	.000	37 1/2

MAJOR COLLEGE SCORES

TUESDAY

BASKETBALL

NBA STANDINGS

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SPORTS

Bulls Rout Cavs, 97-75, And Are 8-0 Since Break

The Associated Press

CHICAGO — The Chicago Bulls started this season much too slowly to reach the 72 or 69 regular-season victories of the two previous years. But with an 8-0 record since the All-Star break, they are once again chasing the NBA's best record.

"I think other teams are watching us," Michael Jordan said. "I think they can see we are starting to get healthy and into a rhythm. Whatever edge we may

NBA Roundup

have lost early in the season, I think we're starting to regain that with our success. We're starting to find our niche and groove and our roles."

The Bulls had an easy time Monday night, routing the punchless Cleveland Cavaliers by 97-75 to improve their record to 42-15.

In the next 12 days, the Bulls play just three games, all at home. And they expect to win all three against Portland, Sacramento and Denver, keeping the pressure on Seattle for the league's best mark and homecourt advantage throughout the playoffs.

Seattle improved to 42-13 Monday with its victory over the Clippers.

"We'd love to get it," Jordan said after scoring 17 points and then sitting out the fourth quarter Monday night.

"There's a Seattle watch on this team. You just keep putting a winning streak together, and the next thing you know we can catch them and pass them."

Cleveland shot only 33 percent and had 19 turnovers. Zydrunas Ilgauskas scored 15 points and Shawn Kemp 13 for Cleveland, which lost for the eighth time in 10 games.

The Cavaliers went scoreless for more than eight minutes in the first half, and the Bulls' 12-0 spurt during that span helped them build a 52-33 halftime lead.

At the start of the second half, the Cavs went five minutes without a basket and mustered only three field goals in the entire third period, two by Danny Ferry. By that time, Chicago had a 72-48 lead, allowing Jordan and Scottie Pippen to take the rest of the night off.

SuperSonics 101, Clippers 100 Vin Baker scored 27 points and Gary Payton recovered from a cold start to score eight of his 12 points in the final four minutes as Seattle won in Los Angeles.

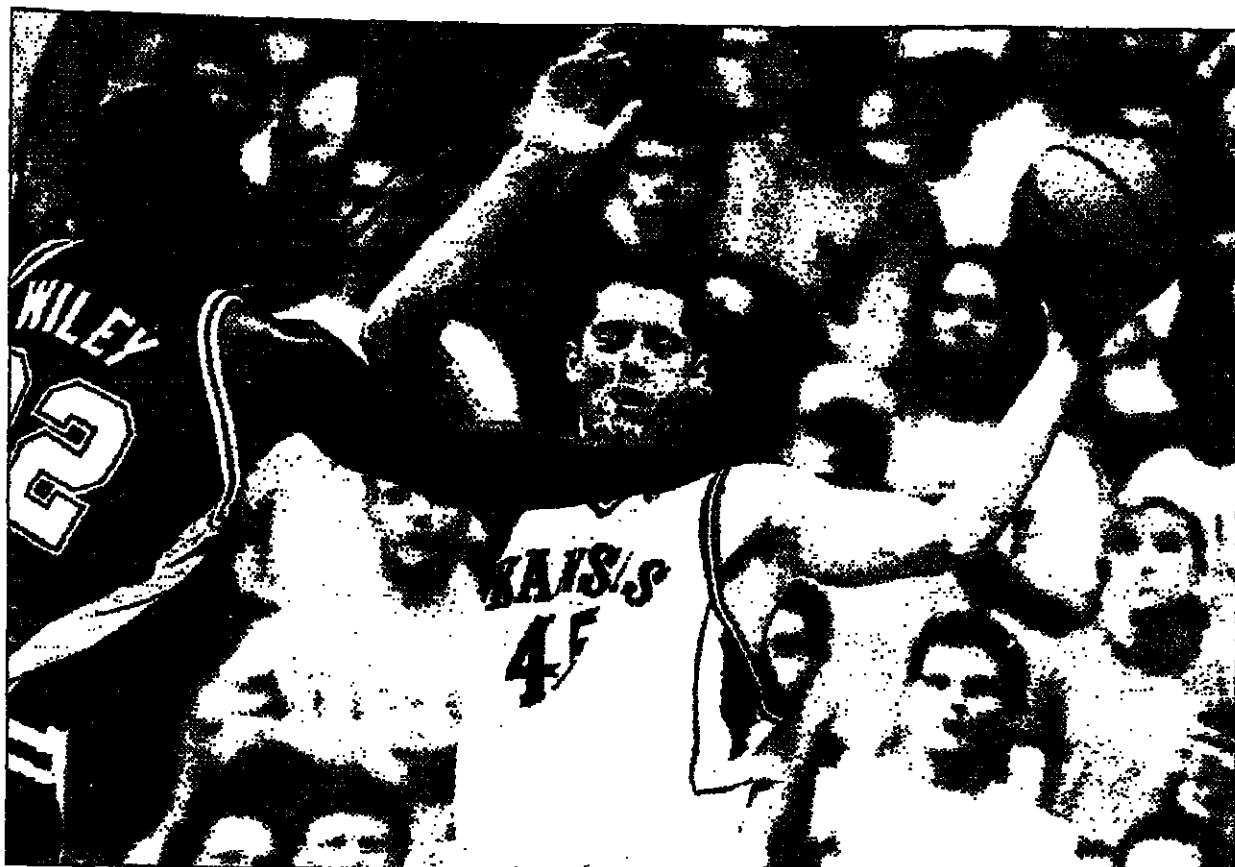
Los Angeles lost for the seventh consecutive time and 15th time in 16 games despite 24 points from Lamond Murray and a season-high 10 3-pointers.

Pistons 111, Kings 85 Grant Hill had 28 points and 13 rebounds in only 31 minutes in Detroit's rout of Sacramento.

Brian Williams added 19 points for the Pistons, who led by as many as 31 points in the fourth quarter. Mitch Richmond and Terry Dehere led the visiting Kings with 14 apiece, but Richmond was only 3-for-12 from the field.

Hornets 118, Nuggets 96 Glen Rice scored 31 points, including 5-for-6 on 3-pointers, as Charlotte handed Denver its eighth straight defeat.

Rice, averaging 27 points in his last seven games, hit 11 of 16 shots from the field. Matt Geiger had 22 points and 11 rebounds for the visiting Hornets, while LaPhonso Ellis led the Nuggets with 23 points and 12 rebounds.



Raef LaFrentz of Kansas, right, being fouled as he looked for a shot in the last of his 58 victories at home.

3 Kansas Seniors Make It 58-0 at Home

After Being Honored, They Help Jayhawks Beat Oklahoma, 83-70

The Associated Press

LAWRENCE, Kansas — Raef LaFrentz, Billy Thomas and C. B. McGrath, who never lost in 58 games at the University of Kansas's Allen Fieldhouse, were honored with emotional tributes before and after the fourth-ranked Jayhawks beat Oklahoma, 83-70, in their final home game.

Tears flowed and flower petals littered the court on Monday night. "I didn't know if they were knighting kings or honoring seniors," said Oklahoma's coach, Kelvin Sampson. "I mean, I've seen some celebrations, but my goodness."

The Kansas seniors ended their careers with a 58-0 home record and four conference championships. They also helped the Jayhawks post back-to-back 30-victory seasons for the first time and run their unbeaten home streak to a school-record 60 games overall.

"A couple of years back, we were talking one night in the locker room after everybody had gone," said LaFrentz, the Jayhawks' No. 2 career scorer and rebounder. "We decided that we hadn't lost at home that far and we didn't ever want to. There haven't been too many players in college basketball who never lost at home."

Paul Pierce, a junior who also might have been playing his last game at Allen Fieldhouse, put on a show of his own, scoring 15 straight points during a 6-for-6 surge in the second half as the Big 12 champions (30-3, 14-1 Big 12) capped their fourth straight unbeaten home season.

Pierce, who could enter the NBA draft and forego his senior season, had the sellout crowd chanting, "One more year! One more year!"

"I don't think I can remember anything like that," said Pierce, who was 14 for 17 for 31 points.

After Cory Brewer led Oklahoma (19-9, 10-5) on a 12-2 run that sliced the Kansas lead to 50-45, the Sooners appeared to have a chance to break the home streak.

But after a 3-pointer by Ryan

Robertson made it 55-45, Pierce scored the next 15 points for Kansas. He hit three 3-pointers during the run.

LaFrentz had 15 points and 10 rebounds, while Thomas finished with 17

COLLEGE BASKETBALL

points. Evan Wiley and Brewer each had 15 for Oklahoma.

No. 6 Connecticut 77, Providence 68 Richard Hamilton scored 20 points and Khalid El-Amin added 19 as UConn overcame a sluggish start and pulled away in the second half at Hartford.

Jake Voskuhl added 15 points and 13 rebounds for the Huskies (25-4, 14-3 Big East), who are guaranteed at least a

share of the regular-season title and one of three first-round byes in next month's conference tournament.

Jamel Thomas scored 22 points and Justin Farley 19 for the Friars (11-15, 6-11).

No. 5 Utah 79, UNLV 68 Michael Doleac scored 20 points before fouling out and Hanno Mortola added 16 as Utah won its third straight game and 20th straight at home.

The Runnin' Utes (23-2, 10-2 WAC) made a 12-4 run midway through the second half to put the game away.

UNLV (14-12, 5-7 WAC) fell two games behind Colorado State for fourth place in the Mountain Division of the conference.

Disabled Golfer Scores on Fallout From Suit

By Thomas Heath
Washington Post Service

WASHINGTON — Two weeks ago, the disabled golfer Casey Martin was fighting to save his career by suing for the right to ride a motorized cart on the PGA Tour and its second-level Nike Tour.

Now, the 25-year-old Stanford University graduate, victorious in court, is fielding an avalanche of offers that are extraordinary for a golfer who has not yet reached the top level PGA Tour. These are among the offers:

- Endorsement agreements with a national insurance group and a golf equipment manufacturer to add to the head-to-toe apparel agreement he signed with Nike three weeks ago. The two sponsors will be announced next Tuesday, and a third deal is imminent.

- Nike, meanwhile will pay Martin from \$50,000 to \$75,000 a year, with additional income if he earns his PGA Tour card or wins another Nike tournament.

- Talks with golf-cart makers about an endorsement deal.

- More than 20 requests to appear in corporate-sponsored golf outings and PGA Tour tournaments around the country. Such appearances could net Martin about \$25,000 each.

- Discussions with representatives of the movie stars Clint Eastwood and Chris O'Donnell concerning a motion picture about Martin's struggle to play professional golf. That might bring him a fee in the low six figures, film sources said.

- There is an upcoming appearance scheduled on "Dateline NBC" and an analysis of his swing in a soon-to-be published issue of Golf Digest magazine. And the White House has called to discuss a possible visit.

- "If someone's willing to pay me to represent them, I'm not going to turn them down," Martin said, adding: "I'm a little uncomfortable with the fact that it's done because of my leg. It's not done yet because I'm such a

Jockeying for Position In NCAA Tournament

Some Good College Teams Will Be Left Out

By Josh Barr
Washington Post Service

WASHINGTON — Mike Jarvis, the basketball coach at George Washington University, looks at his team's schedule, looks at the results and thinks it already has accomplished enough to merit a bid to the NCAA tournament.

Jimmy Collins, the coach at Illinois-Chicago, does the same thing and thinks his team, though less heralded than Jarvis's, also is deserving.

But one, or both, of their teams could be left out March 8 when the NCAA announces the 64-team field for what many consider the nation's top collegiate sporting event.

Though Jarvis and Collins coach in different conferences, in different parts of the nation and their teams have no common opponents, their futures are related.

Of the 64 NCAA tournament bids, 30 are awarded to conference champions — 28 of which are decided by conference tournaments; the Pacific-10 Conference and the Ivy League will be represented by their regular season champions.

The remaining 34 teams receive at-large bids. Those teams are selected by the nine-member Division I men's basketball committee based on several factors, including, but not limited to: won-lost record, road record, recent play and the "Ratings Percentage Index" — a computer ranking of all 306 Division I teams that is based on record, strength of schedule and opponents' strength of schedule.

Those factors, combined with increasing parity, have teams from some of the nation's top conferences — such as the Atlantic 10 in which George Washington (20-7) plays — competing with lesser-known teams for a berth in the NCAA field.

And several of the traditional top conferences — the ACC, Pacific-10, Big 12 and Big East — seem quite likely to have fewer of their teams invited to

the NCAA tournament than usual this season because they all have some struggling teams that have been beating each other in conference play.

For instance, at one point this season there were seven ACC teams in the top 25. Only three will finish with winning records in conference play.

Thus, such teams as Illinois-Chicago (22-4) and Detroit (23-4) — both of the Midwestern Collegiate Conference — appear to have a better chance should they fail to win their conference tournaments. So do Murray State (26-3), Illinois State (20-5), Iona (24-5), Utah State (20-7), Ball State (19-5), Gonzaga (21-8) and Western Michigan (19-9), with wins over Michigan and North Carolina at Charlotte.

"I can remember all my years in the Big Ten — of course, being in the Big Ten, you think you're superior to everyone else," said Collins, now in his second season at Illinois-Chicago after 13 seasons as an assistant coach at Illinois.

But, he added, "I always thought that putting five or six teams in from one conference was unfair. Every team gives to the NCAA and pays their dues and does their bidding. It just didn't seem fair. I wouldn't have gone public before because I was just glad to be in it."

Just two weeks ago, few would have thought George Washington would be in this predicament, possibly needing one or two more victories to secure an NCAA tournament berth. The Colonials had won 15 of 16 games and risen to No. 17 in The Associated Press poll, their highest national ranking in more than 40 years. But the team has lost its last four games, dropped to third place in the Atlantic 10 West Division and has an RPI of 40.

"If I were on the committee, I'd say we're in already," said Jarvis, who noted his team's victories over Maryland, Xavier and North Carolina at Charlotte. "But I'm not on the committee. The only lock is when you win the A-10 tournament. We could take all that out of their hands and I hope we do."

The Atlantic 10 has six teams that merit NCAA tournament consideration, but five will rely on at-large bids. Many observers believe at least one of the six teams will be left out. In conference RPI, the Atlantic 10 ranks eighth; the ACC, which will probably have four or five teams in the NCAA tournament, ranks first.

"If anybody else gets six," the ACC should, said Maryland coach Gary Williams, whose team has clinched third place in the ACC. "It should be taken into consideration that our league is the best league. Not because I say it is, but because the RPI says so."

Meanwhile, Collins is not certain the MCC will get two bids, even though Illinois-Chicago and Detroit rank 22d and 28th in the RPI. Detroit has beaten Michigan State, the first-place team in the Big Ten, and Western Michigan. Illinois-Chicago has beaten Michigan State and Illinois State.

"There are mid-major teams knocking off these so-called power teams all the time," said Collins, who also remembered when Illinois lost in the NCAA tournament to Austin Peay in 1987 and Dayton in 1990.

"If you want to be fair about it," he said, "we should get a shot."

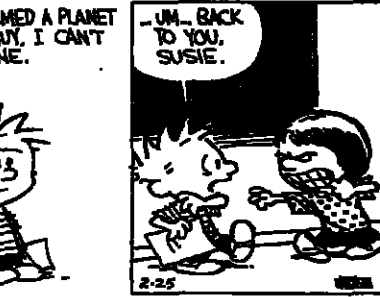
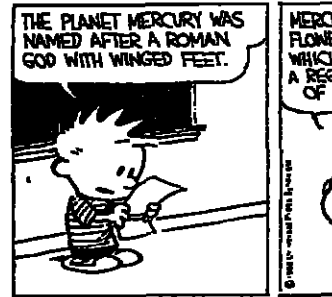
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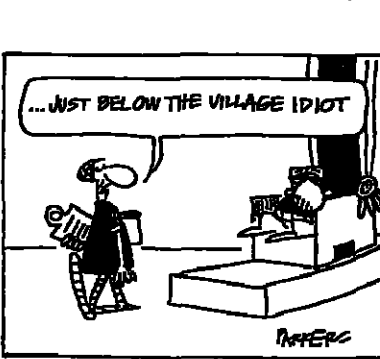
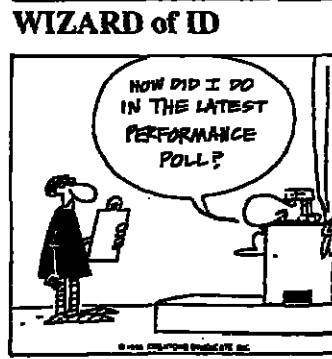
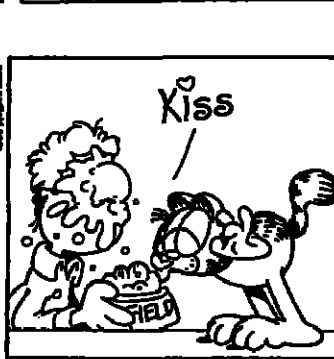
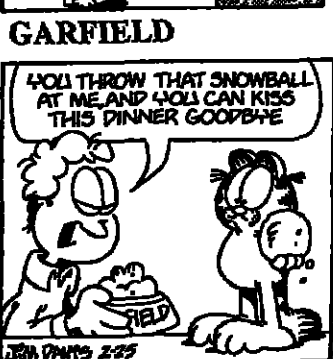
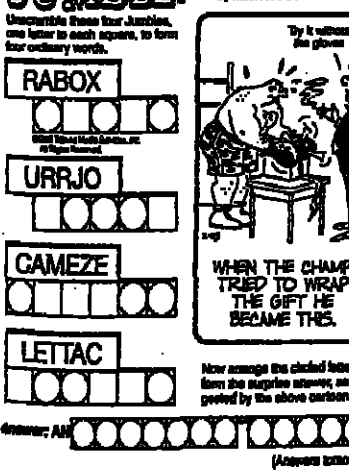
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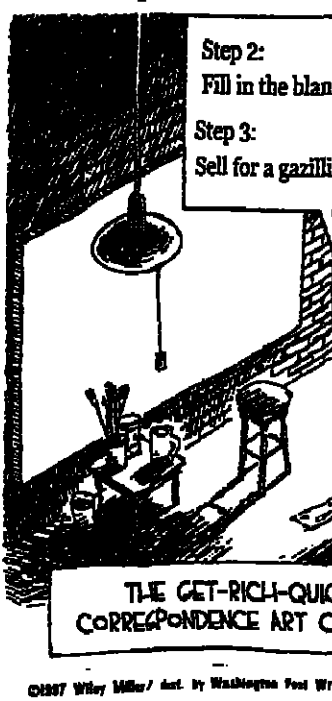
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OBSERVER

Wall Street Wine

By Russell Baker

NEW YORK — Terrible, terrible news!

Rich yuppies are lapping up all the great wines. No price is too steep for a Wall Streeter when his palate craves vinous delight. A restaurant wine bill can run to thousands of dollars when these conspicuous consumers are in the bibulous vein.

I have it from The New York Times. I had been searching the paper with prurient eye, seeking infertile gossip, and I was looking on the bright side, as I always do.

Well, there was plenty of bright side to Intergate. First of all, nobody was calling it "Intergate." Second, it was going to be a good long time before we would again have to listen to politicians run on about "family values." The president's rising popularity had made it clear that most Americans thought "family values" was an issue strictly for saps.

This rosy frame of mind was shattered by the headline at the bottom of Page One: "After Vintage Year, Wall St. Orders the Really Good Stuff."

What followed was as bad as the news can be if you hound your palate on Gallo's jug red before treating it to Romance Conit and Leoville-Las-Cases.

With Wall Street now guzzling it in tank-car lots, we can forget about ever tasting such wines again. The money results from the big bull market of 1997, which, according to The Times, produced a windfall of several billion — that's billion, not million — dollars to be parceled out in bonuses.

Chris Shipley, head wine man at the "21" Club, says Wall Streeters drink "trophy

wines," big red wines with big prices and big names on the labels. He told of a small party one night drinking five bottles of a wine that cost \$1,975 a bottle.

Reading this in the paper brought me close to tears. It is not that I can't afford \$1,975 for a bottle of wine. I could by refinancing the mortgage. What crushed me was the suspicion that I couldn't bear to pay that kind of money for a wine, even if I were as rich as a Microsoft vice president.

The problem is, the Great Depression is lodged in my bones. It has crippled my power to find happiness in this era of excess galore. It has left me with a stunted sense of values. I still bend down to pick up pennies. Given a single penny in change at a cash register, I refuse to leave it behind.

We are not talking cheap-skate here. We are talking a psyche so warped by the Depression that it is probably unfit to be allowed out in today's economy. It could no more pay \$1,975 for a bottle of wine than it could offer \$16 billion to buy a competing corporation, if I had a corporation to be competed with.

The Wall Street wine story is especially painful because it reveals me to myself as a small-time penny-picker-upper. I am extremely fond of wine, and have drunk some of these wines now pampering Wall Street digestions. They are excellent.

For an extraordinary occasion I might pay as much as \$40 for the best of them, but \$250 to \$2,000 a bottle? They're not worth it, you Wall Street guys. You can do almost as well for less than \$20 a bottle. But hey, stupid! Wine's not the point.

Acclaimed Author's Triumph Leads to Tragedy

By David Streitfeld

Washington Post Service

WASHINGTON — For Gayl Jones, this should have been a month of exhilaration and rebirth. An acclaimed writer in the '70s, she had just published her first novel in 22 years to enthusiastic reviews. But the very publicity the novel generated led to Jones being held in "emergency detention" in a Lexington, Kentucky, hospital, following a standoff with police that ended with her husband dead. He apparently had slashed his throat.

A Newsweek article that called Jones's new novel, "The Healing," "a major literary event" also revealed that the writer's husband, Bob Jones, was going under the name Bob Jones Higgins was wanted in Michigan on a 15-year-old weapons conviction. Bob Jones was no stranger to the Lexington police. "It got to where he was calling us two, three, four, five times a day," Chief Larry Walsh said. He was contacting other local officials, too, threatening violence, police said, always with the same complaint: that Gayl Jones's mother was murdered while being treated at the University of Kentucky cancer center in 1966.

"You must kill me! Or, give me justice," he wrote in a September letter to police quoted by the Associated Press. "Truly, truly believe me. There is no other way! I will force you to kill me or give me justice."

Authorities had been increasingly worried that the 51-year-old man might carry out his violent threats against the university cancer center. The news about the old weapons conviction spurred them to action last Friday night. "The Newsweek article probably kept something serious from happening over at the university," Walsh said.

In 1983, when the couple was living in Ann Arbor, Michigan, Bob Jones showed up at a gay-rights rally and heckled the demonstrators. A protester slugged him. Jones was arrested while sitting in his car with a shotgun loaded with birdshot.

He disappeared before the trial. Meanwhile, his wife resigned from the University of Michigan, where she had been teaching. "I reject your lying, racist [expletive] and I call upon God," she wrote in a letter she also sent to President Ronald Reagan. "Do what you want. God is with Bob and I'm with him."

In absentia, her husband was found guilty of "assault with intent to frighten."

The Lexington police showed up at the

couple's house Friday evening to serve a warrant that would have led to Bob Jones's extradition to Michigan. After he barricaded the door, a SWAT team was called.

"They were going to wait, but he turned the gas on," Walsh said. Fearing an explosion, the SWAT team rushed the house. A police report tersely sums up what happened next: "Upon making entry . . . the female subject was taken into custody without incident."

The male subject, without warning, immediately self-inflicted a knife wound to his throat.

Bob Jones died that night at the university hospital that he had raided against.

The police report said Gayl Jones, 48, was taken to Eastern State Hospital under "emergency detention due to threatening to do bodily harm to herself." An Eastern State official declined to comment or even confirm she was there.

Her relationship with her husband will undoubtedly be analyzed by literary scholars for some time.

Was she attracted to the sort of abusive man she wrote about? Was she in the relationship of her own free will? Did she share his suspicious and ravings, or were letters written under her name actually composed by him?

Gayl Jones burst onto the literary scene in 1975 with the publication of her first novel, "Corregidora," the story of a young blues singer. Ursula is married to Mutt, who chastises her for talking to other men: "I'm your husband. You listen to me, not to them."

They argue, she falls down and miscarries. By the end of the novel, however, she reunites with Mutt. Ursula wonders: "What is it a woman can do to a man that make him hate her so bad he went to kill her one minute and keep thinking about her and can't get her out of his mind the next?"

She knows what it is: "A moment of pleasure and excruciating pain at the same time, a moment of broken skin but not sexlessness, a moment just before sexlessness, a moment that stops before it breaks the skin: I could kill you."

Raved Larry McMurtry in a review in The Washington Post: "A writer of extremely high promise . . . what the book asks is



A photo of Gayl Jones from "White Rat" in 1977.

whether oppression inevitably creates masochism — or whether those who are conditioned by oppression can free themselves and learn ways to love that are free from violence."

A second novel, "Eva's Man," appeared in 1976, and explored similar themes. A collection of stories, "White Rat," followed a year later. It was an astonishing debut for a woman only in her mid-twenties. But Jones stopped publishing fiction when she met Bob Higgins.

The Nobel laureate Toni Morrison, who published all three of Jones's early books when she was an editor at Random House, said that "the collapse of our editorial relationship came when he took over as her agent — and more. I never met him, but his letters to Random House were accusatory. He had a very heightened vigilance about the possibility of her being cheated or misrepresented or fooled in some way by publishers."

He wanted Morrison to "audition" to be the editor for the writer's fourth book. Mean-

while, there were changes in Gayl Jones's behavior. "I could never even get her to address me by my first name. I insisted, but she always called me 'Mrs. Morrison.' But then her letters would open with just 'Morrison,' and then a colon. And the letters were acrimonious, autocratic, dictatorial. They were commands."

Until then, Gayl Jones was most noted for her shyness. She grew up in Lexington, where there is no photo of her in the high school yearbook or any listing of extracurricular activities, the Lexington Herald-Leader reported. Her junior-year English teacher told the paper, "Nobody really knew Gayl."

If the writer was reserved, her husband was quite the opposite. In 1974 he barricaded himself inside his Staten Island home, shooting into the air as well as nearby apartments, all the while proclaiming he was God. After police shot tear gas into the apartment, he jumped out of his sixth-floor window. He received three years' probation for second-degree reckless endangerment.

Carolyn Ramsey, his common-law wife at the time, told The New York Times the day after the incident that Jones had undergone a change when he read "The Autobiography of a Yogi." "One part of his paranoia was that he had felt he had reached a higher plane than everyone else," said Ramsey, who apparently left Jones after the incident.

After Jones fled his 1983 trial, he and Gayl moved to Europe for several years. During that time, she wrote a novel that was translated into German. In 1988, they moved to Lexington.

Morrison, who once knew Gayl Jones better than most, is reluctant to jump to the conclusion that this novelist who explored abuse so well for decades the victim of an unstable, violent man.

"People will portray her as a woman under bondage, but I don't believe that," Morrison said. "I think that's wrong. I think that's easy. She's not weak, not stupid, not defective. And besides, she wrote those books about a certain kind of bondage. That was not prescient, not prophecy. That was because she understood. She would have extricated herself from a situation."

PEOPLE



Liam Gallagher in Hong Kong.

APPARENTLY living up to their reputation as "bad boys" of rock, the British rock band Oasis was almost thrown off a flight from Hong Kong to Australia for their offensive behavior. The captain of a Cathay Pacific flight to Perth, where Oasis is due to begin an Australian tour, threatened to divert the plane and kick the band off, with its 30-member entourage, unless they behaved. The band and their entourage abused crew and other passengers, lighted cigarettes on a no-smoking flight, yelled obscenities and behaved offensively, the airline said. "Some were apparently already drunk when they came aboard or under the influence of something," a spokesman said. Cathay Pacific will refuse to carry them again without a guarantee of "adult behavior," he added. The group's lead singer, Liam Gallagher, said in response: "That's fine, because I'll walk."

Princess Margaret, the sister of Queen Elizabeth II, has suffered a mild stroke while on vacation in the Caribbean.

her late father's rare book collection to find a way to celebrate Black History Month when she found another piece of history. Inside the cover of Langston Hughes's "One Way Ticket," Wilson found the following words: "For Josephine Baker, who brings beauty, laughter, courage and lasting kindness to our troubled land. Sincerely, Langston Hughes, Christmas, 1951. New York."

Inside the second book, "Langston Hughes: Montage of a Dream Deferred," the Harlem Renaissance poet penned another inscription to Baker, a cabaret dancer of the '20s and '30s who was a sensation on the Paris stage. "I was in awe, I was in shock," said Wilson, a teaching assistant who found the inscriptions in the books she was bringing to the New Jersey Regional Day School in Newark, New Jersey, to help her special-education students learn about black history. Now they are at Christie's auction house in New York, where they will be sold May 29.

Tonya Wilson was searching through

Madonna, accompanied by daughter,

Lourdes, was in Paris to promote her new album with television and radio appearances. About 100 fans waited outside the Crillon Hotel, where she was staying, on the off-chance of seeing the pop star. Her trip is to publicize her new album "Ray of Light" which she says was largely inspired by her daughter.

Beverly Sills has a new role: host of the "Live From Lincoln Center" television series. Sills, who achieved fame as a coloratura soprano before such post-retirement positions as general director of the New York City Opera and chairwoman of Lincoln Center, succeeds Hugh Downs, who has been host since October 1988.

Tim McGraw and Faith Hill led the nominees for the Academy of Country Music Awards. Their duet "It's Your Love" was nominated for top song, single, video and vocal event of the year. McGraw had seven nominations, and his wife received four.

Sir Elton Gets 'Icing on the Cake'

The Associated Press

LONDON — Elton John, who sang "Candle in the Wind" at the funeral of Diana, Princess of Wales, received a knighthood Tuesday from Queen Elizabeth II, and declared, "They don't come much bigger than this."

As Sir Elton, the often flamboyant pop star was soberly dressed in a formal suit. He took his parents and his partner, David Furnish, to Buckingham Palace to watch him kneel before the queen while she dubbed him on each shoulder with the investiture sword.

"I've had a long career and worked hard," the 50-year-old rock icon said outside the palace after the private ceremony. "But I think the turning point came in 1990 when I got sober and started to do some charity work, particularly for the AIDS problem. A knighthood is the icing on the cake."

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